

ORIGINAL

3082



0000117317

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

2003 JUL 11 A 8:21

MARC SPITZER, Chairman
JIM IRVIN
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
MIKE GLEASON

ARIZ CORP COMMISSION
DOCUMENT CONTROL

In the matter of:

YUCATAN RESORTS, INC., d/b/a
YUCATAN RESORTS, S.A.,
3222 Mishawaka Avenue.
South Bend, IN 46615;
P.O. Box 2661
South Bend, IN 46680;
Av. Coba #82 Lote 10, 3er. Piso
Cancun, Q. Roo
Mexico C.P. 77500

DOCKET NO. S-03539A-03-0000

RESORT HOLDINGS
INTERNATIONAL, INC., d/b/a
RESORT HOLDINGS
INTERNATIONAL, S.A.,
3222 Mishawaka Avenue
South Bend, IN 46615;
P.O. Box 2661
South Bend, IN 46680;
Av. Coba #82 Lote 10, 3er. Piso
Cancun, Q. Roo
Mexico C.P. 77500

**SECURITIES DIVISION'S RESPONSE
TO RESPONDENT MICHAEL E.
KELLY'S MOTION TO DISMISS FOR
LACK OF PERSONAL JURISDICTION
AND INSUFFICIENCY OF SERVICE OF
PROCESS**

WORLD PHANTASY TOURS, INC.,
a/k/a MAJESTY TRAVEL
a/k/a VIAJES MAJESTY
Calle Eusebio A. Morales
Edificio Atlantida, P Baja
APDO, 8301 Zona 7 Panama,

Arizona Corporation Commission

DOCKETED

JUL 11 2003

MICHAEL E. KELLY and LORI KELLY,
husband and wife,
3222 Mishawaka Avenue.
South Bend, IN 46615;
P.O. Box 2661
South Bend, IN 46680

DOCKETED BY	<i>CHL</i>
-------------	------------

Respondents.

1 Respondent Michael E. Kelly, ("Kelly"), has requested dismissal from this proceeding
2 claiming that the Arizona Corporation Commission ("ACC") cannot exercise personal jurisdiction
3 over him and that the Securities Division ("Division") failed to properly serve Kelly with the
4 Temporary Order to Cease and Desist and Notice of Opportunity for Hearing, ("TC&D"). Neither
5 the facts nor the law support dismissing Kelly from this action. The Securities Division opposes
6 Kelly's motion and asks that it be denied. The Division supports its position with the following
7 Memorandum of Points and Authorities and the attached exhibits.
8

9 Memorandum of Points and Authorities

10 **I. Background**

11 On May 20, 2003, a TC&D was issued towards a timeshare program directly or indirectly
12 offered and sold by, without limitation, Kelly and the corporations Yucatan Resorts, Inc., Yucatan
13 Resorts, S.A., Resort Holdings, Inc., Resort Holdings S.A., (the corporations are herein after
14 collectively described as "Respondent Entities".)

15 On Thursday, May 22, 2003, Kelly was served the TC&D in accordance with the provisions
16 of R14-4-303(D)(3) by leaving a copy at the individual's usual place of business or employment
17 with an employee when Paul K. Lawson of the Securities Division of the Indiana Corporation
18 Commission delivered a copy of the TC&D to Erin at the business address for the Respondent
19 Entities in South Bend, Indiana.
20

21 On Friday, May 23, 2003, the TC&D was again served on Kelly through the statutory agent
22 for Resort Holdings, Inc., (RHI), in accordance with R14-4-303(D)(4) by leaving a copy with an
23 agent authorized by express or implied appointment to receive service of process for the individual
24
25
26

1 upon whom service is being made when Jessica Cummings accepted service on behalf of Kelly and
2 RHI for the statutory agent in Indiana, Brantley H. Wright.

3 II. The Law and Argument

4 A. Service of Process

5 Kelly argues that he was not properly served because the Division did not utilize any of the
6 methods available under R14-4-303(F) governing service of a TC&D in a foreign country.
7 Contrary to Kelly's argument, R14-4-303(F) of the Arizona Administrative Code only applies to
8 service in a foreign country. Kelly was served in the United States. Requirements for service of
9 process in a foreign country do not apply where service is made in the United States. See, for
10 example, *Volkswagenwerk Aktiengesellschaft v. Schlunk*, 108 S.Ct. 2104, 2112 (1988), holding
11 that the Hague Convention does not apply to service on a foreign corporation through its domestic
12 subsidiary irrespective of whether the subsidiary later forwards the documents abroad to its
13 foreign principal.
14

15 Kelly also argues that although he is the president of Resort Holdings, Inc., ("RHI"), service
16 at the company's sole office and principal place of business is not proper because it is not his
17 "usual place of business or employment" as provided under R-4-303(D). This argument is
18 erroneous. Kelly is not just employed as the president of RHI; he is the sole officer, only director
19 and owns 100% of the company's issued stock. See for example, exhibits 1, 2, 4, and 5. Kelly
20 controlled the company and conducted the company's business regardless of his physical location
21 at the time. See, for example, exhibits 3, 4, and 5. Kelly is the president and founder of Yucatan
22 Resorts, Inc., ("Yucatan Resorts") which also shares its sole office space with RHI. Certainly in
23 today's world of technological advances, the fact that respondent can conduct business from
24
25
26

1 outside the office does not mean that the company's sole office and principal place of business is
2 not his usual place of business or employment.

3 "Service of process can be impeached only by clear and convincing evidence." *Hilgeman v.*
4 *American Mortgage Securities*, 196 Ariz. 215, 219 (Ariz. App. 2000). Under R14-4-303(D)(3),
5 service upon an individual may be made: "By leaving a copy at the individual's usual place of
6 business or employment with an employee, express or implied agent, supervisor, owner, officer,
7 partner, or other similar individual of suitable age and discretion." This paragraph describes a form
8 of substitute service distinct from personal service and does not include a requirement that the
9 person being served is either on the premises or expected to be physically present. See, for
10 example, *Bellis v. Commonwealth of Virginia*, 402 S.E.2d 211 (1991), (doctor subpoenaed to be a
11 witness found in contempt where the doctor failed to appear at court although service of a subpoena
12 had been accepted by the secretary/receptionist at doctor's usual place of business and the doctor
13 had actual notice of service).

14
15 The purpose of process is to provide the parties with notice of the action and to vest the
16 court with jurisdiction. See *Matter of Maricopa County Juvenile Action No. JS-5860*, (App.,
17 1991). Adequacy of service is dependent upon whether or not the form of substituted service is
18 reasonably calculated to give (the respondent) actual notice of the proceedings and an opportunity
19 to be heard, thus satisfying traditional notions of fair play and substantial justice implicit in due
20 process. See *Milliken v. Meyer*, 61 S.Ct. 339 (1941); see also *Mulane v. Central Hanover Bank &*
21 *Trust Co.*, 70 S. Ct. 652 (1950).

22
23 At the time the Division served its notice on Kelly, the address for his business was the last
24 address known for him that was reasonably calculated to give Kelly actual notice of the TC&D.
25
26

1 Personal service on Kelly was not attempted primarily because the Division had no idea where, or
2 even in what country, he could be found. Service by publication would be less likely to provide
3 Kelly with actual notice of the proceedings and an opportunity to be heard. Sufficient notice of the
4 allegations and an opportunity to appear and defend has obviously been provided to Kelly. He has
5 hired adequate counsel and replied to the TC&D in a timely manner.

6 Kelly has been served in a manner prescribed under the Arizona Administrative Code for
7 service of process on an individual at his usual place of business or employment and the motion to
8 dismiss Kelly should be denied. Kelly's affidavit supporting his motion to dismiss and his
9 separately filed Declarations on behalf of Respondents Yucatan Resorts, Inc. and RHI include
10 statements that are incomplete, incorrect, and misleading; the Division hereby objects to the
11 evidentiary value of these statements. Kelly's motion did not meet his burden to impeach service
12 of process by clear and convincing evidence and should be denied.

14 If, despite these facts, the Administrative Law Judge finds that sufficient service was not
15 made to Kelly, the Division argues in the alternative that Kelly not be dismissed to allow the
16 Division time to perfect service. Where service of process has been found insufficient or quashed,
17 the plaintiff is free to attempt further service. See, for example, *Stinson v. Johnson*, 414 P.2d 169
18 (1966), holding that complaint was improperly dismissed where time for plaintiff to effect service
19 had not run.

21 **B. Personal Jurisdiction**

22 Kelly is also asking to be dismissed from this proceeding based on his statements in an
23 affidavit that purport to prove that he did not establish minimum contacts with Arizona and that he
24 does not oversee and control certain of the Respondent Entities. The Division intends to introduce
25

1 evidence during the upcoming hearing that will establish that Kelly's inclusion in this action is both
2 appropriate and warranted. Kelly purposely availed himself of the privilege of conducting activities
3 within Arizona and did, in fact, oversee and control certain Respondent Entities in regard to the
4 offer and sale of investment contracts in Arizona.

5 The test for personal jurisdiction over a nonresident defendant in Arizona is not at issue. To
6 establish personal jurisdiction over Kelly, the requirements of the long arm statute must be met and
7 the respondent must have sufficient contacts in Arizona so as not to offend traditional notions of
8 fair play and substantial justice. (See *Meyers v. Hamilton Corp.*, (143 Ariz. 249, 251 (1984) citing
9 *World Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286 (1980). Arizona's long arm statute
10 confers jurisdiction over parties found outside the state to the maximum extent permitted under the
11 Arizona Constitution and the U.S. Constitution. (See Rule 4.2(a) of the Arizona Rules of Civil
12 Procedure) The two factors governing the scope of due process for *in personam* jurisdiction under
13 the U.S. Constitution are first, the defendant's minimum contacts with the forum state and second,
14 the reasonableness of exercising jurisdiction over the foreign defendant. See *A. Uberti and C.*
15 *Leonardo*, 181 Ariz. 565, 569 (1995) quoting *Asahi Metal Indus. v. Superior Court*, 480 U.S. 102
16 (1987).
17
18

19 Minimum Contacts

20 The "substantial connection," between the defendant and the forum State necessary for a
21 finding of minimum contacts must come about by an action of the defendant purposefully directed
22 toward the forum State. See *A. Uberti and C. Leonardo*, 181 Ariz. 565 (1995). The following
23 exhibits, for example, demonstrate Kelly's actions directed towards Arizona and are hereby
24 incorporated by reference:
25
26

1 Exhibit 1 Application for Authority to Transact Business in Arizona as a foreign
2 corporation for Resort Holdings International, Inc., ("RHI"), signed by Michael Kelly as president
3 on September 10, 2001.

4 Exhibit 2 The 2002 Annual Report and Certificate of Disclosure for RHI signed by Kelly as
5 the sole officer and director on February 19, 2003.

6 Exhibit 3 Corporate Resolution of RHI dated May, 30, 2001, Kelly as sole director resolves
7 that Kelly is vested with all rights necessary to perform the day to day operation of the corporation,
8 both financially and operationally and authorizes Kelly to seek registration with the various state
9 agencies as it becomes reasonable to assume new business can be obtained in such jurisdictions.
10

11 Exhibit 4 Application for Time-Share Public Report by Kelly as authorized party for RHI,
12 the developer/applicant planning to offer twelve or more timeshare interval estates in one timeshare
13 project for sale, use or lease. (See also Section III of the application starting on page 8 which lists
14 Kelly as 100% owner of RHI stock and Kelly's affidavit on page 19 providing notice of intent to
15 sell or lease time-share intervals.)
16

17 As demonstrated above, Kelly, purposely availed himself of the privilege of conducting
18 business in Arizona satisfying prong one of the test for specific jurisdiction followed by the
19 Arizona Supreme Court in *Williams v. Lakeview Co.*, 199 Ariz. 1, 3 (2000). The second prong
20 requires that the Division's claim arises out of or relates to Kelly's contacts with Arizona. Arizona
21 courts Exhibits 1 through 4 are also demonstrative of Kelly's efforts to offer and sell investment
22 contracts in the form of timeshare interests in Arizona and are hereby incorporated by reference.
23 The Time-Share Public Report attached as an exhibit to Respondent Entities Motion to Dismiss
24 TC&D is also illustrated of Kelly's efforts to offer and sell the securities in Arizona and is also
25
26

1 incorporated by reference. The following exhibits demonstrate Kelly's control over the offer and
2 sale of investment contracts in Arizona and elsewhere and are hereby incorporated by reference:

3 Exhibit 5 Joint Corporate Resolution of RHI and Yucatan Investment, S.A. de C.V., ("YI"),
4 where Kelly resolves that YI will be a dba of RHI in all matters in the US as Kelly owns all stock in
5 both corporations and holds all offices.

6 Exhibit 6 Public Deed Containing Certification Of Measurements And Abutments And
7 Unilateral Declaration Of A Wish To Establish A Tourism Timeshare Regime for YI filed May 12,
8 1999.

9 Exhibit 7 Contract for Provision of Services to Promote and Market Timeshares between
10 Kelly representing YI and Monica Olimpa Alcala Sens representing Yucatan Resorts, S.A. de C.V.
11 ("Yucatan") signed May 13, 1999. (See also pages E5-E7 describing areas of YI's and thus Kelly's
12 control as the corporation's sole stockholder and officer.)

13 Kelly is also indirectly responsible for the efforts to sell the unregistered and non-exempt
14 investment contracts in timeshare interests other than the Bacarra property without the full
15 disclosure required under Arizona's Securities Act. "Allowing a defendant that has purposely
16 exploited the United States market to 'insulate itself from the reach of the forum State's long-arm
17 rule by using an intermediary or by professing ignorance of the ultimate destination of its products'
18 would undermine principals of fundamental fairness and due process." *A. Uberti and C. Leonardo*,
19 181 Ariz. 565, 574 (1995). Kelly, through his wholly owned company YI, contracted with Yucatan
20 to promote its product with salespersons and investors.

21 The third prong of the *Williams* test requires that Arizona's exercise of personal jurisdiction
22 over Kelly be reasonable under the circumstances. Defending this suit in Arizona will not create a
23
24
25
26

1 hardship on Kelly sufficient to outweigh the ACC's interest in providing a local forum for
2 adjudication and protecting Arizona residents and their savings from fraudulent offerings.

3 Kelly is a U.S. citizen who purposely directed activities in Arizona resulting in violations of
4 the Securities Act. Kelly was acting for his own personal benefit, and for the benefit of his marital
5 community, as the sole officer and owner of RHI and is not somehow shielded from suit in his
6 individual capacity. "When the defendant has purposely directed his activities at the forum state,
7 he cannot avoid jurisdiction merely because he did not physically enter the state, and must present a
8 compelling case that the presence of other considerations would render jurisdiction unreasonable."
9 See *Macpherson v. Taglione*, 158 Ariz. 309, 312 (1988). If Kelly is currently in Mexico, it does
10 not allow him to use Due Process as a territorial shield to avoid obligations that have been
11 voluntarily assumed. See *A. Uberti*. "In 1958, the United States Supreme Court noted that as
12 technology has drawn the world markets closer, 'progress in communications and transportation
13 has made defense in a foreign tribunal less burdensome.'" *Id.* At page 575 quoting *Hanson v.*
14 *Denckla*, 78 S.Ct. 1228, 1238 (1958).
15

16 III. Conclusion

17 For the foregoing reasons, Kelly's Motions to Dismiss should be denied.
18

19 RESPECTFULLY SUBMITTED this 11th day of July, 2003.

20 By:

21 
Jamie Palfai

22 Attorney for the Securities Division of
23 the Arizona Corporation Commission
24
25
26

1 ORIGINAL and thirteen copies
2 of the foregoing hand delivered
3 this 11th day of July, 2003 to:

4 Docket Control
5 Arizona Corporation Commission
6 1200 W. Washington
7 Phoenix, AZ 85007

8 Copies of the foregoing hand delivered

9 this 11th day of July, 2003 to:

10 Marc E. Stern
11 Administrative Law Judge
12 Hearing Division
13 Arizona Corporation Commission
14 1200 W. Washington
15 Phoenix, AZ 85007

16 Copies of the foregoing mailed

17 this 11th day of July, 2003 to:

18 Paul J. Roshka, Jr., Esq.
19 Dax R. Watson, Esq.
20 Roshka Heyman & DeWulf, PLC
21 One Arizona Center
22 400 East Van Buren Street, Suite 800
23 Phoenix, AZ 85004
24 Attorneys for Respondents
25 Michael E. and Lory Kelly

26 Joel Held, Esq.
Elizabeth Yingling, Esq.
Baker & McKenzie
2300 Trammell Crow Center
2001 Ross Avenue, Suite 2300
Dallas, TX 75201
Attorneys for Respondents
Yucatan Resorts, Inc., Yucatan Resorts S.A.,
RHI Inc. and RHI, S.A

1 Martin R. Galbut, Esq.
2 Jeffrey D. Gardner, Esq.
3 Galbut & Hunter, P.C.
4 2425 East Camelback Road, Suite 1020
5 Phoenix, AZ 85016
6 Attorneys for Respondents
7 Yucatan Resorts, Inc., Yucatan Resorts S.A.,
8 RHI Inc. and RHI, S.A

9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
By

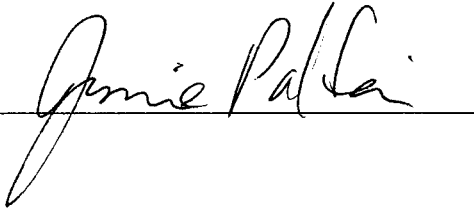


Exhibit 1

Phoenix Address: 1300 West Washington
 Phoenix, Arizona 85007-2915

ARIZONA CORPORATION COMMISSION
 CORPORATIONS DIVISION

Tucson Address: 400 West Congress
 Tucson, Arizona 85701-1247

PROFIT
 CERTIFICATE OF DISCLOSURE
 A.R.S. §10-202.D

REAGRE Holdings International, Inc.
 EXACT CORPORATE NAME

A. Has any person serving either by election or appointment as officer, director, trustee, incorporator and person controlling or holding over 10% of the issued and outstanding common shares or 10% of any other proprietary, beneficial or membership interest in the corporation:

1. Been convicted of a felony involving a transaction in connection, connection fraud or otherwise in any state or federal jurisdiction within the seven-year period immediately preceding the execution of this Certificate?
2. Been convicted of a felony, the essential elements of which consisted of fraud, misrepresentation, theft by false pretenses, or restraint of trade or monopoly in any state or federal jurisdiction within the seven-year period immediately preceding the execution of this Certificate?
3. Been or was subject to an injunction, judgment, decree or permanent order of any state or federal court entered within the seven-year period immediately preceding the execution of this Certificate wherein such injunction, judgment, decree or permanent order:
 - (a) involved the violation of fraud or registration provisions of the securities laws of that jurisdiction?; or
 - (b) involved the violation of the consumer fraud laws of that jurisdiction?; or
 - (c) involved the violation of the restraint or restraint of trade laws of that jurisdiction?

Yes No X

B. IF YES, the following information MUST be attached:

1. Full name, prior name(s) and aliases, if used.
2. Full birth name.
3. Present home address.
4. Four addresses (for investigation preceding 7-year period).
5. Date and location of birth.

6. Social Security number.
7. The nature and description of each conviction or judicial action, date and location, the court and public agency involved and file or case number of case.

C. Has any person serving as an officer, director, trustee or incorporator of the corporation served in any such capacity or held or controlled over 20% of the issued and outstanding common shares, or 20% of any other proprietary, beneficial or membership interest in any corporation which has been placed in bankruptcy, receivership or had its charter revoked, or administratively or judicially dissolved by any state or jurisdiction?

Yes No X

IF YOUR ANSWER TO THE ABOVE QUESTION IS "YES", YOU MUST ATTACH THE FOLLOWING INFORMATION FOR EACH CORPORATION:

1. Name and address of the corporation.
2. Full name (including aliases) and address of each person involved.
3. State(s) in which the corporation:
 - (a) Was incorporated. (b) Has conducted business.
4. Dates of corporate operation.
5. Date and case number of bankruptcy or date of revocation/administrative dissolution.

D. The fiscal year end adopted by the corporation is 12/31

Under penalty of law, the undersigned incorporator(s)/officer(s) declare(s) that I/they have examined this Certificate, including any attachments, and to the best of my/our knowledge and belief it is true, correct and complete, and hereby declare as indicated above. THE SIGNATURE(S) MUST BE DATED WITHIN THIRTY (30) DAYS OF THE DELIVERY DATE.

BY [Signature] DATE BY DATE
 PRINT NAME Michael J. Kelly PRINT NAME
 TITLE President TITLE

DOMESTIC CORPORATIONS: ALL INCORPORATORS MUST SIGN THE INITIAL CERTIFICATE OF DISCLOSURE. If within sixty days, any person becomes an officer, director, trustee or person controlling or holding over 10% of the issued and outstanding shares or 10% of any other proprietary, beneficial, or membership interest in the corporation and the person was not included in this disclosure, the corporation must file an AMENDED certificate signed by its then sole duly authorized officer of the corporation.

FOREIGN CORPORATIONS: MUST BE SIGNED BY AT LEAST ONE DULY AUTHORIZED OFFICER OF THE CORPORATION.
 CP: 0023 - Business Corporations
 Rev: 2/96

AZ. CORP. COMMISSION
DELIVERED

SEP 19 2001

FILED BY A. Gray-Butler

TERM

DATE 9-19-01

RESORT HOLDINGS INTERNATIONAL, INC.
P-1002689-3

9-28-01
mt X

DO NOT FILL IN
THIS SECTION

1. The corporate name must contain a corporate ending which may be "corporation," "association," "company," "limited," "incorporated" or an abbreviation of any of these words. If you are the holder or assignee of a trademark or trademark, attach Declaration of Trademark Holder form. If your name is not available for use in Arizona, you must adopt a fictitious name and provide a resolution adopting the name, which must be assented by the corporation Secretary.

2. You must provide the total duration in years for which your corporation was formed to endure. If perpetual succession, so indicate in this section. Do not leave blank, or state not applicable.

3. The statutory agent must provide both a physical and mailing address. If statutory agent has a P.O. Box, then they must also provide a physical description of their street address/location.

CORP. COMMISS
DELIVERED

SEP 14 2001

FILED BY
TERM 30002 APPLICATION FOR AUTHORITY
DATE 9/11/01 TO TRANACT BUSINESS
IN ARIZONA

The name of the corporation is: Resort Holdings International, Inc.
A(n) Nevada Corporation
(State, Province or Country)

- ☒ We are a foreign corporation applying for authority to transact business in the state of Arizona.
- ☐ We are a foreign corporation currently authorized to transact business in Arizona and must now file this Application for New Authority pursuant to A.R.S. § 10-1504 because we have changed the following in our domicile jurisdiction:
- ☐ Our actual corporate name (or the name under which we originally obtained authority in Arizona).
 - ☐ The period of our duration.
 - ☐ The state, province or country of our incorporation.

1. The exact name of the foreign corporation is:
Resort Holdings International, Inc. OFFA

If the exact name of the foreign corporation is not available for use in this state, then the fictitious name adopted for use by the corporation in Arizona is:

_____(FN).
2. The name of the state, province or country in which the foreign corporation is incorporated is:
Nevada

3. The foreign corporation was incorporated on the 16 day of July
1996 and the period of its duration is: Perpetual

4. The street address of the principal office of the foreign corporation in the state, province or country of its incorporation is:

2533 North Carson Street

Carson City, NV 89706

5. The name and street address of the statutory agent for the foreign corporation in Arizona is:
LEXIS Document Services Inc.

815 N. 1st Avenue, Suite 4

Phoenix, AZ 85003

DO NOT FURNISH THIS SECTION

5.b. Indicate to which address the Annual Report should be mailed.

6. If the purpose of your corporation has any limitations with regard to this section, so indicate. If not, mark as limitations or leave blank.

5.a. The street address of the known place of business of the foreign corporation in Arizona IF DIFFERENT from the street address of the statutory agent is:

5.b. The Annual Report and general correspondence should be mailed to the address specified above in section 4 _____ or 5a. X

6. The purpose of the corporation is to engage in any and all lawful business in which corporations may engage in the state, province or country under whose law the foreign corporation is incorporated, with the following limitations if any:

None

7. The names and usual business addresses of the current directors and officers of the foreign corporation are: (Attach additional sheets if necessary.)

Michael E. Kelly, President [title]
2533 North Carson Street

Carson City, NV 89708

Michael E. Kelly, Secretary [title]
2533 North Carson Street

Carson City, NV 89708

[title]

8. The foreign corporation is authorized to issue 25,000 shares, limited as follows: (Attach additional sheets if necessary.)

35,000 shares of Common [class or series] stock at NPV no par value or par value of \$ _____ per share.

_____ shares of _____ [class or series] stock at _____ no par value or par value of \$ _____ per share.

_____ shares of _____ [class or series] stock at _____ no par value or par value of \$ _____ per share.

9. The total number of authorized shares cannot be "zero" or "N/A". Include authorized, not issued shares in this section.

**DO NOT PUBLISH
THIS SECTION**

9. The total number of
issued shares cannot be
"N/A".

The Application
must be
accompanied by the
following: A
Certificate of
Disclosure, executed
within 30 days of
delivery to the
Commission, by a
duly authorized
officer

Attach a certified
copy of your articles
of incorporation, all
amendments and
mergers (AZ Const.
Art. XIV, §8) and a
certificate of
existence or
document of similar
import duly
authenticated (within
60 days) by the
official having
custody of corporate
records in the state,
province or country
under whose laws
the corporation is
incorporated.

The agent may
consent to the
appointment by
either executing the
consent, attaching a
cover letter, or if
paying by check,
executing the check.

9. The foreign corporation has issued 25,000 shares, (named as follows):
25,000 shares of Common [class or series] stock at
NPV as par value or par value of \$ per share.
 shares of [class or series] stock at
 no par value or par value of \$ per share.
 shares of [class or series] stock at
 no par value or par value of \$ per share.

10. The character of business the foreign corporation intends to conduct in Arizona is:
Resort management

DATED this 10th day of September, 2001
Resort Holdings International, Inc.

(Name of Corporation)
Executed by [Signature]
Duly Authorized Officer or Director

MICHAEL KING PRESIDENT
[print name] [title]

PHONE FAX
[optional] [optional]

ACCEPTANCE OF APPOINTMENT BY STATUTORY AGENT

The undersigned hereby acknowledges and accepts the appointment as statutory agent of this corporation
effective this 18 day of July, 2001

Mary Jo Parola, Assistant Secretary
[Signature]


Mary Jo Parola, Assistant Secretary
[Print Name]

LEXIS DOCUMENT SERVICES, INC.



STATE OF ARIZONA
CORPORATION COMMISSION

I hereby certify this to be a true
and complete copy of the document filed
in this office and admitted to record in
File No. E1002687-3


Interim Executive Secretary

Dated: July 10, 2003

By: Melissa C. Hankins

Exhibit 2



WEB FORM
COPY

STATE OF ARIZONA
CORPORATION COMMISSION
CORPORATION ANNUAL REPORT
& CERTIFICATE OF DISCLOSURE



DUE ON OR BEFORE 09/19/2002

FY02-03

FILING FEE \$45.00

The following information is required by A.R.S. §§10-1622 & 10-11622 for all corporations organized pursuant to Arizona Revised Statutes, Title 10. The Commission's authority to prescribe this form is A.R.S. §§10-121.A. & 10-3121.A. **YOUR REPORT MUST BE SUBMITTED ON THIS ORIGINAL FORM.** Make changes or corrections where necessary. Information for the report should reflect the current status of the corporation. See instructions for proper format. **REFER TO THE INSTRUCTIONS ON PAGE 4.**

RECEIVED

FEB 24 2003

ARIZONA CORP. COMMISSION
CORPORATIONS DIVISION

1. F-1002689-3

RESORT HOLDINGS INTERNATIONAL, INC.
% LEXIS DOCUMENT SERVICES INC
815 N 1ST AVE #4
PHOENIX, AZ 85003

* DELINQUENT ANNUAL REPORT 01/16/2003; CONTACT THE COMMISSION AT 602-542-3285!

Business Phone: ~~Business phone is optional.~~

State of Domicile: NEVADA

Type of Corporation: BUSINESS

2. Statutory Agent: LEXIS DOCUMENT SERVICES INC

Mailing Address: 815 N 1ST AVE #4

City, State, Zip: PHOENIX, AZ 85003

Physical Address, If Different.

Physical Address:

City, State, Zip:

ACC USE ONLY

Fee \$ 45

Penalty \$ 54

Reinstate \$

Expedite \$

Resubmit \$

Use this box only if appointing a new Statutory Agent

If appointing a new statutory agent, the new agent MUST consent to that appointment by signing below.

I, (Individual) or We, (corporation or limited liability company) having been designated the new Statutory Agent, do hereby consent to this appointment until my removal or resignation pursuant to law.

Signature of new Statutory Agent

3. Secondary Address:

2533 N CARSON ST
CARSON CITY, NV 89706

**Foreign Corporations are
REQUIRED to complete
this section.**

4. Check the one category below which best describes the CHARACTER OF BUSINESS of your corporation.

BUSINESS CORPORATIONS

- | | |
|--|--|
| <input type="checkbox"/> 1. Accounting | <input type="checkbox"/> 20. Manufacturing |
| <input type="checkbox"/> 2. Advertising | <input type="checkbox"/> 21. Mining |
| <input type="checkbox"/> 3. Aerospace | <input type="checkbox"/> 22. News Media |
| <input type="checkbox"/> 4. Agriculture | <input type="checkbox"/> 23. Pharmaceutical |
| <input type="checkbox"/> 5. Architecture | <input type="checkbox"/> 24. Publishing/Printing |
| <input type="checkbox"/> 6. Banking/Finance | <input type="checkbox"/> 25. Ranching/Livestock |
| <input type="checkbox"/> 7. Barbers/Cosmetology | <input type="checkbox"/> 26. Real Estate |
| <input type="checkbox"/> 8. Construction | <input type="checkbox"/> 27. Restaurant/Bar |
| <input type="checkbox"/> 9. Contractor | <input type="checkbox"/> 28. Retail Sales |
| <input type="checkbox"/> 10. Credit/Collection | <input type="checkbox"/> 29. Science/Research |
| <input type="checkbox"/> 11. Education | <input type="checkbox"/> 30. Sports/Sporting Events |
| <input type="checkbox"/> 12. Engineering | <input type="checkbox"/> 31. Technology(Computers) |
| <input type="checkbox"/> 13. Entertainment | <input type="checkbox"/> 32. Technology(General) |
| <input checked="" type="checkbox"/> 14. General Consulting | <input type="checkbox"/> 33. Television/Radio |
| <input type="checkbox"/> 15. Health Care | <input type="checkbox"/> 34. Tourism/Convention Services |
| <input type="checkbox"/> 16. Hotel/Motel | <input type="checkbox"/> 35. Transportation |
| <input type="checkbox"/> 17. Import/Export | <input type="checkbox"/> 36. Utilities |
| <input type="checkbox"/> 18. Insurance | <input type="checkbox"/> 37. Veterinary Medicine/Animal Care |
| <input type="checkbox"/> 19. Legal Services | <input type="checkbox"/> 38. Other <u> </u> |

NON-PROFIT CORPORATIONS

- | |
|--|
| <input type="checkbox"/> 1. Charitable |
| <input type="checkbox"/> 2. Benevolent |
| <input type="checkbox"/> 3. Educational |
| <input type="checkbox"/> 4. Civic |
| <input type="checkbox"/> 5. Political |
| <input type="checkbox"/> 6. Religious |
| <input type="checkbox"/> 7. Social |
| <input type="checkbox"/> 8. Literary |
| <input type="checkbox"/> 9. Cultural |
| <input type="checkbox"/> 10. Athletic |
| <input type="checkbox"/> 11. Science/Research |
| <input type="checkbox"/> 12. Hospital/Health Care |
| <input type="checkbox"/> 13. Agricultural |
| <input type="checkbox"/> 14. Animal Husbandry |
| <input type="checkbox"/> 15. Homeowner's Association |
| <input type="checkbox"/> 16. Professional, commercial
Industrial or trade association |
| <input type="checkbox"/> 17. Other <u> </u> |

5. CAPITALIZATION: (Business Corporations and Business Trusts are **REQUIRED** to complete this section.)

Business trusts must indicate the number of transferable certificates held by trustees evidencing their beneficial interest in the trust estate. Please examine the corporation's original Articles of Incorporation for the amount of **shares authorized**. Review all corporation amendments to determine if the original number of shares has changed. Examine the corporation's minutes for the number of **shares issued**. PLEASE PRINT OR TYPE CLEARLY.

Number of Shares/Certificates Authorized Class Series Within Class (if any)

25,000Common Stock

Number of Shares/Certificates Issued

Class

Series Within Class (if any)

100Common Stock**6. SHAREHOLDERS:** (Business Corporations and Business Trusts are **REQUIRED** to complete this section.)

List shareholders holding more than 20% of any class of shares issued by the corporation, or having more than a 20% beneficial interest in the corporation. PLEASE PRINT OR TYPE CLEARLY.

Name: _____ Name: _____

NONE ☒

Name: _____ Name: _____

7. OFFICERS PLEASE PRINT OR TYPE CLEARLY. YOU MUST LIST AT LEAST ONE.Name: MICHAEL E. KELLY

Name: _____

Title: PRESIDENT, SECRETARY, TREASURER

Title: _____

Address: 2533 N. CARSON STREET

Address: _____

CARSON CITY, NV 89706Date taking office: 7-16-99

Date taking office: _____

Name: _____

Name: _____

Title: _____

Title: _____

Address: _____

Address: _____

Date taking office: _____

Date taking office: _____

8. DIRECTORS PLEASE PRINT OR TYPE CLEARLY. YOU MUST LIST AT LEAST ONE.Name: MICHAEL E. KELLY

Name: _____

Address: 2533 N. CARSON STREET

Address: _____

CARSON CITY, NV 89706Date taking office: 7-16-99

Date taking office: _____

Name: _____

Name: _____

Address: _____

Address: _____

Date taking office: _____

Date taking office: _____

9. FINANCIAL DISCLOSURE (A.R.S. §10-11622.A.9)

Nonprofit corporations **must attach** a financial statement (e.g. income/expense statement, balance sheet including assets, liabilities). All other forms of corporations are exempt from filing a financial disclosure.

9A. MEMBERS (A.R.S. § 10-11622.A.6) Only Nonprofit Corporations must answer this question.

This corporation **DOES** ☐ **DOES NOT** ☐ have members.

10. CERTIFICATE OF DISCLOSURE (A.R.S. §§10-1622.A.8 & 10-11622.A.7)

Has ANY person serving either by election or appointment as an officer, director, trustee, incorporator and/or person controlling or holding more than 10% of the issued and outstanding common shares or 10% of any other proprietary, beneficial or membership interest in the corporation been: [Underlined portion pertains to business corporations only]

1. Convicted of a felony involving a transaction in securities, consumer fraud or antitrust in any state or federal jurisdiction within the seven year period immediately preceding the execution of this certificate?
2. Convicted of a felony, the essential elements of which consisted of fraud, misrepresentation, theft by false pretenses or restraint of trade or monopoly in any state or federal jurisdiction within the seven year period immediately preceding execution of this certificate?
3. Or are subject to an injunction, judgment, decree or permanent order of any state or federal court entered within the seven year period immediately preceding execution of this certificate where such injunction, judgment, decree or permanent order involved the violation of:
 - (a) fraud or registration provisions of the securities laws of that jurisdiction, or
 - (b) the consumer fraud laws of that jurisdiction, or
 - (c) the antitrust or restraint of trade laws of that jurisdiction?

One box must be marked

YES ☐

NO ☒

If "YES", the following information **must be submitted** as an attachment to this report for each person subject to one or more of the actions stated in Items 1. through 3. above.

- | | |
|---|---|
| 1. Full name and prior names used. | 5. Date and location of birth. |
| 2. Full birth name. | 6. Social Security Number |
| 3. Present home address. | 7. The nature and description of each conviction or judicial action; the date and location; the court and public agency involved, and the file or cause number of the case. |
| 4. Prior addresses (for immediate preceding 7 year period). | |

11. STATEMENT OF BANKRUPTCY, RECEIVERSHIP or CHARTER REVOCATION (A.R.S. §§10-202.D.2, 10-3202.02, 10-1623 & 10-11623)

A) Has the corporation filed a petition for bankruptcy or appointed a receiver? One box must be marked YES ☐ NO ☒

B) Has ANY person serving either by election or appointment as an officer, director, trustee, incorporator and/or person controlling or holding more than 20% of the issued and outstanding common shares or 20% of any other proprietary, beneficial or membership interest in the corporation served in such capacity or held a 20% interest in any other corporation during the bankruptcy, receivership, or charter revocation of the other corporation? [Underlined portion pertains to business corporations only]

One box must be marked

YES ☐

NO ☒

If "YES" to A and/or B, the following information must be submitted as an attachment to this report for each person subject to the statement above:

1. The names and addresses of each corporation and the person or persons involved (e.g. officer, director, trustee or major stockholder)
2. The state in which each corporation was a) incorporated b) transacted business
3. The dates of corporate operation
4. If any involved person (listed in #1) has been involved in any other bankruptcy proceeding within the past year, the name and address of each corporation
5. Date, Case number and Court where the bankruptcy was filed or receiver appointed
6. Name and address of court appointed receiver

12. SIGNATURES: Annual Reports must be signed and dated by at least one duly authorized officer or they will be rejected.

I declare, under penalty of law that all corporate income tax returns required by Title 43 of the Arizona Revised Statutes have been filed with the Arizona Department of Revenue. I further declare under penalty of law that I (we) have examined this report and the certificate, including any attachments, and to the best of my (our) knowledge and belief they are true, correct and complete.

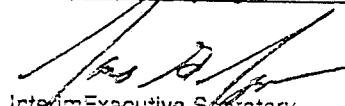
Name MICHAEL E. KELLY Date 2-19-03 Name _____ Date _____
Signature [Signature] Signature _____
Title DIRECTOR / PRESIDENT Title _____

(Signator(s) must be duly authorized corporate officer(s) listed in section 7 of this report.)



STATE OF ARIZONA
CORPORATION COMMISSION

I hereby certify this to be a true
and complete copy of the document filed
in this office and admitted to record in
File No. E-1002689-3


Interim Executive Secretary

Dated: July 10, 2003

By: Melissa Chen

Exhibit 3

**CORPORATE RESOLUTION
OF
RESORT HOLDINGS INTERNATIONAL, INC.**

PURSUANT TO A CALLED MEETING OF THE BOARD OF DIRECTORS OF RESORT HOLDINGS INTERNATIONAL, INC. AND THE SOLE DIRECTOR, MICHEL E. KELLY, BEING PRESENT, IT IS THE RESOLUTION OF THE CORPORATION AS FOLLOWS:

1.

MICHAEL E. KELLY IS VESTED WITH ALL RIGHTS NECESSARY TO PERFORM THE DAY TO DAY OPERATION OF THE CORPORATION, BOTH FINANCIALLY AND OPERATIONALLY

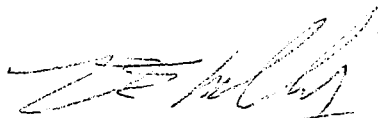
2.

MICHAEL E. KELLY IS AUTHORIZED TO SEEK REGISTRATION WITH THE VARIOUS STATE AGENCIES AS IT BECOMES REASONABLE TO ASSUME NEW BUSINESS CAN BE OBTAINED IN SUCH JURISDICTIONS.

3.

THERE BEING NO FURTHER BUSINESS TO CONDUCT THE MEETING WAS ADJOURNED.

DATED THIS 30TH OF MAY, 2001.



MICHAEL E. KELLY, SECRETARY

Exhibit 4

TUSCON OFFICE:
400 West Congress
Suite 523
Tucson, Arizona 85701
(520) 628-6940
400

PHOENIX OFFICE:
2910 N. 44th Street
First Floor
Phoenix, Arizona 85018
(602) 468-1414, Ext.

STATE OF ARIZONA
DEPARTMENT OF REAL ESTATE

**APPLICATION
FOR
TIME-SHARE PUBLIC REPORT**

This application must be filed and Public Report issued pursuant to A.R.S. § 32-2197 et seq. prior to the sale or lease of time-share estates or uses as defined in A.R.S. § 32-2197, unless an exemption has been issued pursuant to A.R.S. § 32-2197.13. Division Director Roy Tanney, his Deputy, or any Real Estate Representative located in the Phoenix or Tucson Office may be contacted for assistance.

Persons with disabilities may request reasonable accommodations such as interpreters, alternative formats or assistance with physical accessibility. Requests for accommodations must be made with 72 hours prior notice. If you require special accommodation, please contact either office listed above.

SECTION I

INSTRUCTIONS AND GENERAL INFORMATION

1. Read and understand this section thoroughly prior to compiling the required documents in Section II and answering the questions in Section III of this application.
2. Secure all the required documents listed in Section II of this application.
3. Answer all questions in Section III of this application.
4. File this application, together with the required documents, at either office of Department of Real Estate. A fee of \$20.00 per time-share interval interest to a maximum of \$1,000.00 must accompany this application pursuant to A.R.S. § 32-2197.05

This application will not be accepted for initial processing unless Section III has been completed and payment of the fee received.

5. One or more site inspections of the project may be performed by the Department to verify, among other things, timely completion of improvements. Inspection costs, including travel and subsistence expenses, shall be paid by the applicant pursuant to A.R.S. § 32-2197.05.
6. Payment of all fees related to this application must be by check made payable to the Arizona Department of Real Estate.
7. The developer (applicant), who plans to offer twelve (12) or more timeshare interval estates in one timeshare project for sale, use or lease, must complete and file this application and obtain a public report prior to making offers for sale. Upon issuance of the public report, you will be provided with a public report receipt form which must be used. The developer must furnish each prospective customer with a copy and get a receipt for it before the purchaser signs a contract.
8. The applicant for public report must have a sufficient recorded interest in the project. The Department will examine the applicant's interest in the project for sufficiency. Additionally, that interest must be reflected in a policy of title insurance, title report or equivalent.
9. For the purpose of this application only, the following terms are defined as follows:
 - (a) Facilities - Any improvement offered by the applicant including, but not limited to, streets, electricity, telephone, natural gas, water, sewers, flood protection and drainage devices, landscaping, perimeter walls, parking facilities, swimming pools, tennis courts, ramadas, clubhouses, parks and lakes.

A facility will be deemed offered if it is represented as available or as a planned or future part of the project by the applicant, any person working for the applicant, any marketing or advertising materials, or any other documents or materials used in representing the project to prospective customers.
 - (b) Completion Date - The date by which applicant will have completed installation of facilities to federal, state, county, or city standards, where applicable.
 - (c) Completion - The installation of working or usable facilities to each individual building site, dwelling unit and common area facility as applicable.
10. Upon review of this application, additional information and/or documentation may be required. Failure to completely answer all questions and submit all documents pertaining to the time-share project will delay processing of the application.

11. Pursuant to A.R.S. § 32-2197.03, a change to the time-share project or the plan under which it is to be offered for sale, lease or use may invalidate the public report and require application for and issuance of an amended public report. Continuing sales or offers for sale after any change without notifying the Department and obtaining an amended public report or an exemption may result in administrative action. This may include, but is not limited to, suspended sales, voidable contract(s) and/or administrative penalties.
12. The applicant for public report may submit as part of the application a prepared public report on diskette, in accordance with the procedures shown on Exhibit B.
13. If the public report contains an error, the Department shall correct the report at its own expense. Additional or changed information that was known to the applicant before issuance of the report is not an error. No public report shall be corrected after it has been in effect for 10 days. After 10 days, the report shall only be changed through the amendment process, established in Rule R4-28-B1203.
14. The Department is required by law to process this application in accordance with established time frames. The following is a description of the time frames and procedures which the Department and applicant must comply with:
 - A. **Overall time-frame.** The Department shall issue or deny a public report within the overall time-frame after receipt of the complete application. The overall time-frame is the total of the number of days provided in the administrative completeness review and the substantive review.

	Administrative Completeness Review	Deficiency Completion Period	Substantive Completeness Review	Additional Information Period	Overall Time-frame
Original Application	20	20	50	20	70
Amendment	10	10	10	10	20

B. Administrative completeness review.

1. The administrative completeness review time-frame begins the date the Department receives the application. The Department shall notify the applicant in writing of deficiencies within the administrative completeness review time-frame. The notice shall specify what information is missing. If the Department does not provide notice to the applicant, the application shall be deemed administratively complete.

2. An applicant with an incomplete application shall supply the missing information within the completion period shown in the above table. The administrative completeness review time-frame is suspended from the date of the Department's deficiency notice until the Department receives the information.
3. An applicant shall not supply missing information "piece-meal". The receipt of any missing information will be interpreted as the applicant's response to the Department's deficiency notice and the Department will resume processing the application.
4. If the applicant fails to submit all of the missing information before the completion deadline, the Department will close the file. An applicant whose file has been closed and who later wishes to obtain a public report shall submit a new application.

C. **Substantive review.** The substantive review time-frames shown in the above table begin the day after the application is deemed administratively complete.

1. The Department may schedule an inspection.
2. If the Department makes a comprehensive written request for additional information, the applicant shall submit the additional information identified by the request within the additional time period shown in the above table. The substantive review time-frame is suspended from the date of the Department's request until the information is received by the Department. If the applicant fails to provide the information identified in the request, the Department shall deem the application withdrawn and close the file.
3. An applicant shall not supply the requested additional information "piece-meal". The receipt of any requested information will be interpreted as the applicant's response to the Department's request for additional information and the Department will resume processing the application.
4. Unless the file has been closed because the application was incomplete, the Department shall issue a written notice granting or denying the public report within the substantive review time-frame. If the application is denied, the Department shall send the applicant written notice explaining the reason for the denial, the applicant's right to seek a fair hearing and the time period and manner in which the applicant may appeal the denial.

D. **Application filing.** All development applications filed with the Department shall be considered filed on the date received by the Department.

E. **Computation of time.** In computing any period of time, the day of the act from which the designated period of time begins to run shall not be included. The last day of the period shall be included unless it is Saturday, Sunday or a legal holiday in which event the period runs until the end of the next day which is neither Saturday, Sunday nor a legal holiday.

SECTION II

REQUIRED DOCUMENTS

THE FOLLOWING DOCUMENTS MUST ACCOMPANY THIS APPLICATION AND SHALL CONSTITUTE A PART THEREOF.

1. A legible copy of the recorded time-share project map no larger than 11" x 17" showing book, page and date of recording and approval by county or city, as applicable. *EXHIBIT A*
2. Policy of Title Insurance or Title Report which is a true statement of the condition of title to the land issued after recordation of the map and declaration of dedication and dated no than 30 days prior to receipt by the Department. The policy or report must include the statement that "there are no further matters of record affecting the land" and must include the name and telephone number of the title examiner.

EXHIBIT B 1-19

Updated title reports may be required during the process of this application. Reports listing requirements may be rejected and updates required.

3. A legible copy of all recorded or unrecorded documents shown in the title report/ policy affecting the condition of title including, but not limited to, all options, contracts of purchase, liens, encumbrances and trust agreements. Documents which show applicant's ability to deliver title to each interval sold free of the effect of the aforementioned documents, if not shown within said documents.

EXHIBIT B 1-19

4. If the land is located within an Arizona Groundwater Active Management Area (AMA), a certificate of assured water supply from the Arizona Department of Water Resources (DWR) or written commitment of water service from the city, town or private water company which has been designated by DWR as having an assured water supply. If the time-share project is located outside of an AMA or outside of Arizona, provide proof that an adequate water supply exists. *N/A*

5. A copy of the Contract for Purchase, Lease or Use to be used, describing conditions of sale or lease and type of deed, lease or other conveying document to be used to convey property to purchaser. All agreements and contracts shall contain substantially the following language in large or bold print above the signature portion of such document: **"THE PURCHASER SHALL BE GIVEN A COPY OF THE PUBLIC REPORT BEFORE SIGNING THIS DOCUMENT."** See Exhibit "A" to this application entitled Contract Disclosures. Your contract may need additional disclosures, including rescission rights, as set forth in Exhibit "A".

6. Recorded Declaration of Dedication of the project. *EXHIBIT B 1-19*

7. A copy of the provisions, if any, limiting the use or occupancy of the property, any restrictive covenants affecting all or part of the project. (Copies of recorded

development restrictions, declaration of timeshare, recorded deed restrictions, contract restrictions or other restrictions.) *N/A*

8. If the project is a condominium, submit all documents creating the condominium in addition to an attorney's opinion letter asserting compliance with A.R.S. §33-1201, et seq.. *N/A*
9. Documents demonstrating legal and permanent access. *EXHIBIT A 1-3*
10. Approval from the Arizona Department of Environmental Quality or its designee. *N/A*
11. A letter from a professional engineer detailing the effect of any flood zone designation or flood plain location, flood and drainage conditions, any apparent hazards, effect of a 100-year frequency storm and if flood insurance is required. The engineer's professional seal must be affixed and legible on the letter. *N/A*
12. If applicant is a trust beneficiary, limited liability company, partnership or joint venture, a copy of the legal documents creating same (partnership/joint venture agreement, trust agreement, articles of organization, operating agreement, other). Limited partnerships must provide evidence of registration with the Arizona Secretary of State's Office. *N/A*
13. A Certificate of Good Standing issued by the Arizona Corporation Commission for each corporation (foreign or domestic) participating in this application as a principal, general partner, or joint venturer owning 10 percent or more. The date on the Certificate shall not be more than 1 year from the date of the application.
14. Authorization for any individual(s) signing on behalf of a corporation, limited liability company, partnership or owner (corporate resolution, partnership agreement, power-of-attorney, operating agreement or other), authorizing the signing of documents and correspondence related to this application.
15. A copy of the Articles of Incorporation and Bylaws for the property owner's association listed in Section III, Question 21 of this application. The Articles and Bylaws must show that the association(s) is formed. *N/A*
16. A copy of documents, agreements or statements demonstrating that adequate financial or other arrangements acceptable to the Commissioner have been made for installation, completion and delivery of all improvements and facilities represented in this application. *N/A*
17. Management Agreement, if the project is or will be managed by someone other than the applicant. *~~N/A~~ EXHIBIT E 1-9*
18. Contracts and promotional material pertaining to time-share exchange programs. *N/A*
19. If the project is located outside of Arizona, a copy of the domicile state's or country's public report, equivalent report or other approval document. *EXHIBIT B 1-19*

20. If applicant(s) is a person, complete the information requested on Exhibit "B" and submit it with this application. *N/A*
21. A complete disclosure as to the operating costs of the time-share program, including all of the variable costs of operation, management and reserves and method of assessment, including evidence of financial arrangements which provide for the developer's guarantee of payment of assessment on unsold interest, or if the developer is not paying such costs, the effect such non-payment will have on operating costs. *Exhibit C*
22. If you answer "yes" to the question in the application which asks if you have been convicted of any misdemeanor, felony, or other crime, you must supply the following, pursuant to A.A.C. R4-28-301(A): *N/A*
- a. A written statement from you (**subscribed and sworn before a Notary Public**) providing an account of the part you played when each incident occurred.
 - b. Three current letters of character references from individuals, 18 years or older, not related by blood or marriage and who have known you for at least one year.
 - c. A 10-year work history, including any periods of unemployment.
 - d. A new set of fingerprint exemplars and our fingerprint processing fee of \$24.00, pursuant to A.R.S. 32-2108.01. Please make your check payable to the Arizona Department of Real Estate. **FINGERPRINT CARDS ARE AVAILABLE FROM THE DEPARTMENT'S CUSTOMER SERVICE DIVISION** and most county Sheriff Offices and City Police Departments.

In addition to the above and as applicable, you must supply a certified copy of the following:

- e. Police Report
- f. Complaint and Indictment
- g. Information
- h. Pre-sentence Report
- i. Judgment
- j. Sentencing documents
- k. Plea Agreement
- l. Probation papers
- m. Restoration of civil rights/expungement/dismissal documents.

If you attempt to obtain the required documents from a law-enforcement agency or court and are told that records have been destroyed or are otherwise unavailable, obtain a written statement to that effect from the agency or court. **Do not detach or unstaple certified documents. Documents must remain in the original order received.**

IF THE ABOVE REQUIRED INFORMATION HAS PREVIOUSLY BEEN PROVIDED THE DEPARTMENT, PLEASE INDICATE THE DATE AND REASON IT WAS PROVIDED. YOU ARE NOT REQUIRED TO PROVIDE THIS INFORMATION AGAIN, IF IT IS ON FILE AT THE DEPARTMENT.

SECTION III

QUESTIONNAIRE

FAILURE TO ANSWER THE FOLLOWING QUESTIONS IN COMPLETE DETAIL
WILL DELAY THE PROCESSING OF THIS APPLICATION

1. **APPLICANT** (Developer):

(a) Name(s): Resort Holdings International, Inc. _____

(b) Address: 2533 N. Carson Street
Carson City, NV 89706

4149

(c) Telephone: ~~800-648-0966~~; FAX: 877-771-8456

**ALL DEVELOPERS MAKING THIS APPLICATION FOR PUBLIC REPORT
MUST BE LISTED AND ARE REQUIRED TO EXECUTE THIS APPLICATION
AS THE APPLICANT**

(d) If the applicant is other than an individual, such as a corporation, partnership,
limited liability company or trust:

i. Name the type of legal entity: Corporation

ii. Give name and address of all officers, general partners, members, trustees or other
persons who exercise control of the entity: Michael E. Kelly, 2533 N. Carson Street,
Suite 4149, Carson City, Nevada 89706

iii. List the percentage interest of each person/entity owning a 10% interest or more
including any person owning 10% or more of any entity listed: Micael E. Kelly owns
100% of the stock issued.

iv. If the legal entity is a trust, list the beneficiaries holding 10% or more of the beneficial
interest (2nd Beneficiaries only, if a 2 Beneficiary Trust): It is not a trust.

From whom does Trustee accept instructions: It is not a trust.

- (e) Will anyone besides the owner(s) named above be executing any documents on behalf of the owner in connection with this filing? Yes _____ or No X
If yes, submit the following:

- i. A copy of the Power of Attorney.
- ii. A copy of the Delegation of Authority signed by the owner(s) indicating who may sign on their behalf.
- iii. Any individual signing on behalf of the corporation must submit a corporate resolution authorizing that person to sign on behalf of the corporation.

- (f) The following questions must be answered by each applicant for public report. If the applicant and/or any affiliate is not an individual but is an entity (e.g., a corporation, partnership, limited liability company or trust), then answers must be provided by each of the partners, officers, members, beneficiaries, managers or managerial employees of the applicant, any individual or entity which exercises control over the applicant as defined in A.R.S. §32-2101(17), and any individual or entity with a 10% or greater interest in the applicant.

A detailed explanation must be provided for each affirmative answer. Provide any documentation you believe appropriate to verify any yes answers and explanations.

Has the person or entity (applicant):

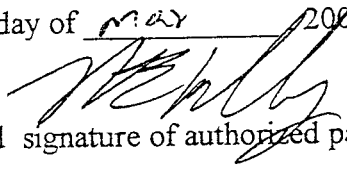
- i. Have you been convicted of any felony, misdemeanor or other crime?
BEFORE ANSWERING, READ THE FOLLOWING STATEMENT: Even though you may have entered into a plea bargain or pleaded "no contest," or your conviction has been vacated, pardoned, expunged, dismissed or appealed, **OR** your civil rights have been restored, you are, nevertheless, required to answer "YES." However, you are not required to answer "YES" for minor traffic violations. **DUI is not a minor traffic violation.** A.R.S. § 32-2108(C). **YES ☐ No ☒ NOTE REQUIRED DOCUMENT NO. 22, SECTION II OF THIS APPLICATION.**
- ii. EVER had any professional license or registration restricted, refused, denied, suspended or revoked, or voluntarily surrendered any license during the course of any investigation or disciplinary proceeding, or EVER had an administrative order entered against the applicant, or EVER had any other disciplinary action taken against any license, whether reprimand, censure, fine or other penalty, by any state, federal or other regulatory agency? **YES ☐ No ☒**
- iii. EVER had any public report or registration to sell land (such as a subdivision, time-share, cemetery or campground) denied or suspended? **YES ☐ No ☒**
- iv. EVER entered into any consent decree or a settlement, or had an injunction (either temporary or permanent), suspension, order or judgment issued, which prohibited or restricted the applicant from engaging in or continuing any professional practice? **YES ☐ No ☒**

- v. EVER had any adverse judgment entered against the applicant by a court of competent jurisdiction in this or any other state involving fraud, dishonesty or moral turpitude, or arising out of the conduct of any business in real estate, cemetery property, time-share intervals or membership campgrounds? YES ☐ No ☒ X
- vi. EVER had any real estate or other recovery fund in Arizona, or any other state, make a payment which was charged against the applicant? YES ☐ No ☒ X
- vii. EVER participated in, operated or held an interest in any corporation, partnership or limited liability company for which any of the above items i. through vi. would be answered affirmatively? YES ☐ No ☒ X

If information on any "yes" answer above was previously provided to the Department, please indicate the date and reason it was provided. You are not required to provide this information again if it is on file at the Department.

I affirm to the best of my knowledge the above answers and any other related information provided herein are true, correct and applicable for all persons and entities required to provide answers for Question No. 2(f).

DATED this 30th day of may 2001

Michael E. Kelly 
(Printed name and signature of authorized party)

- (g) If you have answered "yes" to any of the questions in 1(f)ii through vii above, attach a separate signed notarized affidavit detailing the facts of each "yes" answer. Your statement should include, but not be limited to:

Name(s), title, address(s), telephone number(s) of each person involved; dates, locations, court name and address, law enforcement agency name and address, administrative agency (specify federal, state or local) name and address, arrest information, charge or indictment information, name of civil or administrative allegations made, ultimate disposition of offense or case (include out-of-court settlement) sentence imposed, probation or parole term, civil or bankruptcy case number and all other information sufficient to provide a thorough explanation of your "yes" response.

2. TIME-SHARE PROJECT(S):

- (a) Name of time-share project(s), as shown in the Declaration of Dedication of the project: Baccara Resort Hotel

(b) Designate the number and type of units to be included in this application:

1 are 3 bedrooms of 900 square feet each
5 are 2 bedrooms of 650 square feet each
6 are 1 bedroom of 500 square feet each
2 are studios of 750 square feet each
3 are rooms of 600 square feet each
2 are Junior Presidential Suites of 1,100 square feet each
2 are Presidential Suites 1,500 square feet each

Note: all square footages are approximate.

(c) Designate the number of time-share intervals to be included in this application: 1150

(d) Will your offer include lock-outs? No. If yes, designate the number of units as well as a description of the lock-out offerings: _____

(e) Detail the number and duration of interests for each dwelling unit including maintenance periods. For example 50 one-week interval interests and one two-week maintenance period per unit, or other. 50 One-week intervals and one two-week maintenance period.

(f) Provide a detailed description of the furnishings and other personal property to be included in the time-share offering for each type of unit being offered: Each unit is furnished with a king sized bed, dresser, chest of drawers, T.V. set, dining table, 4 @ chairs, sofa, easy chair, coffee table, fully equipped kitchen with microwave and cook top.

(g) Specify number of units within the entire time-share project(s): 23.

(h) Project Map recorded in Public Deed records of Benito Juarez County, State of Quintana Roo, United Mexican States.

(i) Estimated completion date for construction of dwelling units: The construction is complete.

Describe phasing plan, if applicable. The construction is complete.

3. TIME-SHARE USE:

(a) Will the sale of interval interests be evidenced by a recorded deed or by a right to use other than fee title? Please describe. Interval interests are leases for specific week of a specific unit.

(b) If interests are less than perpetuity, they are for a term of 25 years with renewal periods of once for 20 years for a fee of \$1.00.

unit, fixed time; variable unit, variable time; or other: fixed unit, fixed time.

4. PROJECT LOCATION(S):

- (a) Exact street location, City, County and State: Blvd. Kukulcan Km. 11.5, Hotel Zone, Cancun, Quintana Roo, Mexico CP. 77500.
- (b) Best route for getting to the development including miles & direction from nearest City or Town: Km. 11.5 South of Cancun Center on Kukulcan Blvd. in Hotel Zone.
- (c) Is the project located adjacent or near any property that may be considered a hazard or nuisance which could adversely affect purchasers: There are no hazards.
- If yes, describe and give the distance and location: _____

- (d) Provide the name, location and distance from the development of the nearest civilian airport. Cancun International Airport, Luis Donaldo Colosio Blvd., Cancun, Mexico. 18 Km to Baccara.

5. NARRATIVE OF OFFERING:

Please provide a complete and comprehensive statement of the time-share offering that includes a description of the total facility including the type and number of housing structures, number of stories in each building, the common and public use areas and any shared use facilities:

The Baccara Resort Hotel is a six story structure directly on the beach and across the street from the lagoon featuring 23 living quarters, a swimming pool, gourmet restaurant, casual restaurant, sun bathing decks, a swim-up bar, a beach bar, a cocktail lounge, a TV viewing room with a billard table and game table.
each room is furnished with cable TV, refrigerator, microwave, range top, Juccuzi and a private terrace.

6. UTILITIES:

Provide a statement of the availability of utilities, i.e. electricity, telephone, natural gas, water and sewage disposal: all utilities are supplied to the property including: electricity, public water, gas and sewage disposal.

If incomplete, provide completion dates : The project is complete.

7. ACCESS STREETS AND ROADS:

(a) Are the exterior streets providing access to the development public or private:
The Baccara Resort Hotel is directly fronting Kukulcan Blvd.

(b) Who will be responsible for maintenance of the exterior streets: Kukulcan Blvd. is a dedicated public street and is maintained by the City of Cancun.

(c) Estimated completion date for exterior streets: The exterior streets are complete.

(d) Are the interior streets within the development public or private: There are no interior streets.

(e) Who will be responsible for maintenance of the interior streets: There are no interior streets.

(f) Estimated completion date for interior streets: There are no interior streets.

8. COMMON AREA FACILITIES:

(a) State the nature and value of all common area facilities and recreational facilities to be included in this offering: The Baccara Resort Hotel is located on the beach of the Caribbean Sea, has an oversized swimming pool, a beach bar, a swim-up bar, a TV viewing room, a billiard table and game tables. There is no estimate of the value.

(b) Who will be responsible for maintenance of the facilities: the managing entity:
Yucatan Resorts, S.A. de Civ.

(c) Estimated completion date: the Baccara Resort Hotel is complete.

9. **ASSURANCES FOR COMPLETION OF IMPROVEMENTS:**

Pursuant to A.R.S. § 32-2197.06, adequate financial or other arrangements acceptable to the Commissioner are required to assure completion of the project including the above described utilities, streets and common area facilities. Please describe what assurance (s) have been established: the Baccara Resort Hotel, its utilities and common area facilities are complete.

The following are examples of assurances **which must be submitted and accepted** prior to issuance of the public report: Performance bonds, letters of credit from a regulated bank or lending institution, irrevocable contracts backed by cash held in trust or escrow or other arrangements which may be acceptable the Commissioner. See Rule R4-28-A1211 for further assistance.

10. **SHOPPING FACILITIES:**

There is a large mall shopping center, The Flamingo Plaza, directly across Kukulcan Blvd. from the Baccarat Resort Hotel.

11. **PUBLIC TRANSPORTATION:**

Public bus transportation is available on Kukulcan Blvd with a bus stop in front of the hotel.

12. **MEDICAL FACILITIES:**

Ameri-Med Medical Center is 5 Km North of the hotel on Kukulcan Blvd.

13. **FIRE PROTECTION:**

A fire station is located at Km 6.5 Kukulcan Blvd.

14. **AMBULANCE SERVICE:**

Ambulance service is available 24/7 by calling 911.

15. **POLICE SERVICE:**

Police service is available 24/7 by calling 911.

16. **SALES:**

(a) Describe how sales will be made and the manner by which title right or other interest contracted for is to be conveyed to purchaser: the interest is conveyed from

the Lessor to the leaseholder by the Universal Lease (copyrighted) a copy of which is attached hereto as Exhibit L

- (b) Describe where purchaser's deposit and earnest monies will be deposited and held pending the expiration of the seven (7) day recession period and close of escrow (type, name and address of depository): any funds deposited during the recession period will be deposited in Account # 0464567718, Wells Fargo Bank, 35th Street and Northern Ave. Phoenix, AZ 85021.

Provide the name, address and telephone number of the Arizona Broker who will be responsible for sales. If none, so state and explain why: Fincher Real Estate Services (Francis William Fincher), 11126 W. Dana Lane, Avondale, AZ 85323. tel: 623-772-8082.

Location of development sales records. State of Arizona address at which records will be kept, name of custodian and telephone number: 11126 W. Dana Lane, Avondale, AZ 85323. F. William Fincher, 623-772-8082.

17. TITLE AND ENCUMBRANCES:

- (a) Title to the property is vested with: Resort Holdings International, Inc. dba Yucatan Investments S.A. de Civ
- (b) If title is not vested with the applicant, please describe applicant's interest in the property: title is vested in applicant.
- (c) Are there any mortgages, deeds of trust, liens or other encumbrances recorded against the property: there are no encumbrances against the property.

If yes, list and describe arrangements for protecting the interest of the purchaser or lessee in the event of a default. Further, describe arrangements for releasing individual units and intervals from any blanket lien or encumbrance: there are no encumbrances against the property.

18. MANAGEMENT AND EXCHANGE NETWORK:

The time-share project will be managed by: Yucatan Resorts S.A. de Civ.

Provide copy of management agreement. *EXHIBIT E 1-9*

Identify all exchange programs to be offered whereby a purchaser may exchange occupancy rights. Provide copies of all contracts with exchange providers, promotional and informational material relating thereto. No exchange programs are offered by the applicant or managing entity.

19. BUDGETS AND ASSESSMENTS:

Describe the operating costs of the time-share program, including costs for operation, management and reserves: see Exhibit ~~C~~ attached hereto and incorporated herein by reference.

(b) Describe the provisions made for payment of all operating costs: the applicant underwrites all operating costs to the extent not covered by the annual fee applied to each timeshare as described in the Disclosure.

The assessments are currently \$ 380 - 650 per timeshare . Explain why this sum is adequate to support the operation: the annual budgeted expenses are \$553,150.00 including a reserve fund for maintenance offset by \$992,500.00 in income leaving a net profit of \$369,400.00. There is no debt service.

What charges will a purchaser be obligated to pay as the proportionate share of the operating costs of the timeshare offering and of the project as a whole, including the supporting facilities such as central heating and cooling, landscaping and other common or public areas: There is no other expense for which the Leaseholder is responsible beyond the annual assesment set out in (b), above.

What financial arrangements exist for developer's guarantee of payment of assessments on unsold interests on dedicated units: The developer maintains all unleased interests and supplements maintenance of leased interests as necessary without additional cost to Leaseholders as it is in its best interest to do so.

- (e) Will additional assessments be levied during occupancy of a time-share interval?
"additional" assesments are not provided for in the lease.
- (f) If yes, please describe: Annual increases, if necessary, are based on the U.S. CPI and are provided for in the lease, Exhibit D, ^{TS} Para EXH. 4: F "C"

20. TAXES:

How are the timeshare dwelling units assessed for the purpose of property taxation: timeshares are not taxed separately from real property taxes per se.

- (b) Tax payments payable to the United Mexican States in the amount of \$4,187.00 per quarter in the year 2001.

(c) The United Mexican States is the taxing authority and there are no special district or, improvement district taxes

(d) There are no other tax assessments.

21. INTERVAL OWNERS ASSOCIATIONS:

(a) Name of Association: There is no Interval Owners Association nor is the formation of one required by local law or contemplated..

(b) Is the Association legally formed and operational: There is no interval Owners Association.

When and under what conditions, if any, will control of the association be turned over to interval owners: There is no Interval Owners Association nor is the formation of one required by local law or contemplated.

When and under what conditions, if any, will title to the common areas be transferred to the association: There is no Interval Owners Association nor is one required by local law or contemplated.

(e) Will all interval leaseholders owners be required to be members of the Association: There is no Interval Owners Association.

(f) Are there any other owner's associations in which owners will be members? No. If yes, please explain. There is no Interval Owners Association.

AFFIDAVIT OF APPLICANT

STATE OF Quintana Roo

COUNTY OF Benito Juarez

RE: Baccara Resort Hotel
PROJECT NAME

I hereby certify under penalty that the statements contained in this application constitute notice of intention to sell or lease time-share intervals, and that the statements together with any documents submitted herewith are full, true, complete and correct.

I further affirm and swear that I will not, over any period of time or by any means, dispose of or offer to dispose of time-share intervals not contained in the public report, without first complying with the provisions of A.R.S. § 32-2197 et seq., and that I will notify the Department of Real Estate of any change to the information in this application.

I hereby represent that as the owner of the above mentioned project, I will not place or allow to be placed any mortgages or liens on the property other than those already in existence as of this date, copies of which have been furnished to the Arizona Department of Real Estate as a part of the application for the Public Report, unless the Department is notified of the placement of any new mortgage or lien.

I further certify that, if this application has not been submitted on the standard form prepared by the Arizona Department of Real Estate, applicant agrees that the Department may take any action deemed necessary to ensure compliance with the time-share laws if, after issuing a public report, the Department discovers errors, omissions or deficiencies in the application or public report based on the application. The applicant further agrees to completely indemnify the Department, the State of Arizona, its agents and employees from any and all liability caused, in whole or in part, by use of a nonstandard form.

I am duly authorized to prepare and am the person responsible for the content of this application and accompanying public report.

May 30, 2001
Date

Michael E. Kelly

Name

President/ Secretary/ Sole Director
(Title or Office)

[Signature]
Signature

This instrument subscribed to and sworn before me
this 30th day of May, 2001 by
Michael E. Kelly, in witness
whereof I set my hand and official seal.

[Signature]
Notary Public

My Commission Expires: 12/15/2003

APPLICATION MUST BE SIGNED AND SWORN TO BEFORE A NOTARY PUBLIC BY
ALL DEVELOPERS PRIOR TO ISSUANCE OF THE PUBLIC REPORT

EXHIBIT "A"

CONTRACT DISCLOSURES

- A. Any agreement or contract for purchase, lease or use shall contain substantially the following language in large or bold print above the signature portion of such document.

THE PURCHASER SHALL BE GIVEN A COPY OF THE PUBLIC REPORT
BEFORE SIGNING THIS DOCUMENT.

- B. Any agreement or contract for the purchase, lease or use of a time-share interval shall contain substantially the following language in large or bold print above the signature portion of such document:

THE PURCHASER OR LESSEE HAS THE LEGAL RIGHT TO RESCIND (CANCEL) THIS AGREEMENT WITHOUT CAUSE OR REASON OF ANY KIND AND TO THE RETURN OF ANY MONEY OR OTHER CONSIDERATION BY SENDING OR DELIVERING WRITTEN NOTICE OF RESCISSION TO THE SELLER OR LESSOR BY MIDNIGHT OF THE SEVENTH CALENDAR DAY FOLLOWING THE DAY THE PURCHASER OR LESSEE EXECUTED THE AGREEMENT.

An adequate opportunity to exercise the seven (7) day right of rescission shall be provided by conspicuously disclosing the complete current name and address of seller on the face of all agreements and contracts.

- C. Any agreement or contract for sale, lease or use shall conspicuously disclose the nature of the document at or near the top of the document.
- D. Any agreement or contract for the purchase, lease or use of a time-share interval where a down payment, earnest money deposit, or other advanced money, if any, is paid directly to the seller and not placed in a neutral escrow depository shall conspicuously disclose this fact within the document, and the purchaser shall sign or initial this provision indicating approval in the space adjacent to or directly below the disclosure in the purchase contract or agreement of sale. The following disclosure shall be written in large or bold print and shall be included in the public report, purchase contract, and agreement of sale:

"Prospective purchasers are advised that earnest money deposits, down payments and other advanced money will not be placed in a neutral escrow. This money will be paid directly to the seller and may be used by the seller".

EXHIBIT "B"

CONFIDENTIAL

1. A.R.S. § 25-502(F) STATES: "Each licensing board or agency that issues professional licenses or certificates shall record the social security number of the licensee or certificate holder in its data base in order to aid the Department of Economic Security in locating non-custodial parents or the assets of the non-custodial parents." You must provide the Department of Real Estate with your social security number, however, the number will not be disclosed to anyone other than a representative from another government agency in the course of the representative's official duties.

2. LEGAL NAME: _____

3. SOCIAL SECURITY NUMBER: _____

4. I DECLARE THAT THE INFORMATION IS TRUE AND CORRECT.

1. SIGNATURE OF LICENSEE: _____ DATE _____

**Applicant is a corporation and not
required to make this affidavit**

I hereby certify that the annexed
instrument is a true and correct copy
of the original on file with the AZ Dept.
of Real Estate

6-27-03 Adelal 6-27-03
Authorized Clerk

Exhibit 5

**JOINT CORPORATE RESOLUTION
OF
RESORT HOLDINGS INTERNATIONAL, INC.
AND
YUCATAN INVESTMENTS, S.A. DE C.V,**

PURSUANT TO A CALLED JOINT MEETING OF THE BOARD OF DIRECTORS OF RESORT HOLDINGS INTERNATIONAL, INC. AND YUCATAN INVESTMENTS S.A. DE C.V AND THE SOLE DIRECTOR, MICHAEL E. KELLY, BEING PRESENT, IT IS THE RESOLUTION OF THE CORPORATIONS AS FOLLOWS:

1.

MICHAEL E. KELLY IS VESTED WITH ALL RIGHTS NECESSARY TO PERFORM THE DAY TO DAY OPERATION OF BOTH CORPORATIONS, BOTH FINANCIALLY AND OPERATIONALLY.

2.

AS IT IS IN THE BEST INTERESTS OF BOTH CORPORATIONS THAT RESORT HOLDINGS INTERNATIONAL, INC. REPRESENT AND SPEAK FOR THE MEXICAN CORPORATION YUCATAN INVESTMENTS, S. A. DE C.V. IN ALL MATTERS IN THE UNITED STATES OF AMERICA AND AS ALL STOCK OF BOTH CORPORATIONS AND ALL OFFICES IN BOTH CORPORATIONS ARE HELD BY MICHAEL E. KELLY, IT IS HEREBY RESOLVED THAT HENCEFORTH YUCATAN INVESTMENTS, S.A. DE C.V. WILL BE A DBA OF RESORT HOLDINGS INTERNATIONAL, INC.

3.

THERE BEING NO FURTHER BUSINESS TO CONDUCT THE MEETING WAS ADJOURNED.

DATED THIS 10TH OF JANUARY, 2000.



MICHAEL E. KELLY, SECRETARY

Exhibit 6

CERTIFIED COPY OF THE PUBLIC DEED THAT CONTAINS: CERTIFICATION
OF MEASUREMENTS AND ABUTMENTS OF A PROPERTY AND
UNILATERAL DECLARATION OF A WISH TO ESTABLISH A TOURISM TIME-
SHARE REGIME NOTARIZED BY "YUCATAN INVESTMENTS", S.A. DE C.V.

NUMBER: 160

Volume: 2-D 1999

LUIS M. CAMARA PATRON, ATTY.-AT-LAW

Sierra #13, S.M. 3 Phones: (98)84-2590/54-5233 Fax: 84-5266 Cancún, Q. Roo

EXHIBIT B-1

Document 1-A

VOLUME TWO
PUBLIC DEED NUMBER 160

In Cancun, Quintana Roo, Mexico on May [illegible], 1999 the following person appeared before Me, LUIS MIGUEL CAMARA PATRON, Atty.-at-Law, acting as Substitute Notary in Notary Public Number 13 of the State licensed to the practicing Head Notary, Mr. Gabriel Salvador Parra Ramirez, a resident of this city:

"YUCATAN INVESTMENTS", S.A. DE C.V., represented herein by MONICA OLIMPIA ALCALA SENS as special legal representative of said company.

And said: that she has come to notarize the CERTIFICATION OF MEASUREMENTS AND ABUTMENTS OF A PROPERTY AND THE UNILATERAL DECLARATION OF A WISH to establish a TOURISM TIME SHARE REGIME which she grants subject to the provisions of the following Antecedents and Recitals:

ANTECEDENTS

FIRST. - Through public deed number 12,807 dated July 24, 1998, granted by the undersigned Substitute Notary acting in the Protocol of Notary Public Number 13 of the State, a Purchase Contract was registered, the following being the parties thereto: "INMOBILIARIA SIDON", S.A. DE C.V. called the seller and "YUCATAN INVESTMENTS", S.A. DE C.V. as the Buyer. The Purchase Contract was for the property described as:

"Lot of land and building located in Cancun, County of Benito Juarez, State of Quintana Roo, indicated with number 16-6, Section "A", Continuation of Boulevard [T.N. name of street missing in original], Tourist Zone, with a surface measurement of 2,394.20 square meters and the following measurements and borderlines: to the North, 56.77 meters abutting on lot 16-5; to the South, 53.80 meters, abutting on lot 16-7; to the East, 42.50 meters, adjoining the Federal Zone; and to the West, two sections, the first 22.05 meters and the second 20.66 meters, adjoining Boulevard Kukulkán".

The contents of said deed were registered in the Cancun Agency of the State Public Property and Commerce Record's Office under number 60 on pages 606 to 613, Book 297 Auxiliary, dated August 11, 1998.

SECOND. - That in virtue of the fact that the surface area, measurements and abutments that appear in the lot described in the first antecedent are not true to life, "YUCATAN INVESTMENTS", S.A. DE C.V. requested and obtained a topographical survey from the Cancun Agency of the General Department of the State Assayer's Office, the results of said survey being contained in certificate

number DCM/1243, which specifies that the lot in question has the following surface area, measurements and abutments:

"Lot of land and building located in the city of Cancun, County of Benito Juarez, State of Quintana Roo, indicated with number 16-6, Sección "A", block 52, Continuation of Boulevard, Tourist Zone, with a surface measurement of 2,384.88 square meters and the following measurements and abutments: to the North, 57 meters adjoining lot 16-5; to the South, 53.38 meters adjoining lot 16-7; to the East, 42.14 meters adjoining the Federal Maritime Zone; to the West, 43.05 meters in a curved line adjoining Boulevard Kukulcán.

A certified copy of this certificate is attached to the Appendix hereof under letter "A"

Given these antecedents, the party hereto grants the following:

RECITALS

ONE. - Through its legal representative appearing hereto, "YUCATAN INVESTMENTS", S.A. DE C.V., declares that under the terms of the certificate set forth in the Second Antecedent hereof, it notarizes the Certification of Measurements and Abutments set forth in this deed.

TWO. - In consequence thereof, through its legal representative appearing hereto, "YUCATAN INVESTMENTS", S.A. DE C.V. requests the delegate of the Cancun Agency of the State Public Property and Commerce Record's Office to register this document in the corresponding Section and to make the pertinent annotations with respect to this deed.

ON THE ESTABLISHMENT OF TIMESHARE

THREE. - "YUCATAN INVESTMENTS", S.A. DE C.V. represented herein by MONICA OLIMPIA ALCALA SENS, under the terms of the Third Book Fourth Special Part, Heading Nine of the Civil Code for the State of Quintana Roo and the Law that establishes the standards to be followed by contracts executed under a Tourist Timeshare Regime in the State of Quintana Roo, affects and subjects all the units described below in a Timeshare Regime, said units being built in the property set forth and described in the Second Antecedent hereof:

ROOMS

1. - ROOM NUMBER SIX. - First level. - Consisting of a living room, dining room, kitchen, one bedroom, one bathroom and terrace with an area of 95 square meters and with the following abutments: to the North, with room twelve; to the south, with room seven; to the East, with room nine; to the West, with an empty space; Above with the second level; Below with the roof of the entry level

2. - ROOM NUMBER SEVEN. - First level. - Consisting of a living room, dining room, kitchen, two bedrooms, one bathroom and terrace with an area of 95 square meters and with the following abutments: to the North, with room six; to the South, with lot 16-7 (empty space); to the East, with the interior stairway; to the West, with the parking lot (empty space); Above with the second level; Below with the roof of the entry level.

3. - ROOM NUMBER EIGHT. - First level. - Consisting of a living room, dining room, kitchen, two bedrooms, one bathroom, toilet and terrace with an area of 95 square meters and with the following abutments: to the North, with room nine; to the South, with lot 16-7 (empty space); to the East, with the beach (empty space); to the West, with the interior stairway; Above with the second level; Below with the roof of the entry level.

4. - ROOM NUMBER NINE. - First level. - Consisting of a living room, dining room, kitchen, one bedroom, one bathroom, toilet and terrace with an area of 95 square meters and with the following abutments: to the North, with room ten; to the South, with the interior stairway; to the East, with the beach (empty space); to the West, with room six; Above with the second level; Below with the roof of the entry level.

5. - ROOM NUMBER TEN. - First level. - Consisting of a living room, dining room, kitchen, one bedroom, one bathroom and terrace with an area of 95 square meters and with the following abutments: to the North, with the interior stairway; to the South, with room nine; to the East, with the beach (empty space); to the West, with room twelve; Above with the second level; Below with the roof of the entry level.

6. - ROOM NUMBER ELEVEN. - First level. - Consisting of a living room, dining room, kitchen, one bedroom, one bathroom and terrace with an area of 95 square meters and with the following abutments: to the North, with lot 16-5; to the South, with room ten, the outside stairway to the pool; to the East, with the beach (empty space); to the West, with the interior stairway; Above with the second level; Below with the roof of the entry level.

7. - ROOM NUMBER TWELVE. - First level. - Consisting of a living room, dining room, kitchen, three bedrooms, three bathrooms and terrace with an area of 115 square meters and with the following abutments: to the North, with lot 16-5; to the South, with room six; to the East, with the interior stairway; to the West, with the parking lot; Above with the second level; Below with the roof of the entry level.

8. - ROOM NUMBER THIRTEEN. - Second level. - Consisting of a living room, dining room, kitchen, one bedroom, one bathroom and terrace with an area of 95 square meters and with the following abutments: to the North, with room nineteen; to the South, with room fourteen; to the East, with room sixteen; to the West, with the parking lot (empty space); Above with the penthouse level; Below with the roof of the first level.

9. - ROOM NUMBER FOURTEEN. - Second level. - Consisting of a living room, dining room, kitchen, two bedrooms, one bathroom and terrace with an area of 95 square meters and with the following abutments: to the North, with room thirteen; to the South, with lot 16-7; to the East, with the interior stairway; to

the West, with the parking lot; Above with the penthouse level; Below with the roof of the first level.

10. - **ROOM NUMBER FIFTEEN.** - Second level. - Consisting of a living room, dining room, kitchen, two bedrooms, one bathroom and terrace with an area of 95 square meters and with the following abutments: to the North, with room seventeen; to the South, with room fourteen; to the East, with room sixteen; to the West, with the interior stairway; Above with the penthouse level; Below with the roof of the first level.

11. - **ROOM NUMBER SIXTEEN.** - Second level. - Consisting of a living room, dining room, kitchen, one bedroom, one bathroom and terrace with an area of 95 square meters and with the following abutments: to the North, with room seventeen; to the South, with the interior stairway; to the East, with the beach (empty space); to the West, with room thirteen; Above with the penthouse level; Below with the roof of the first level.

12. - **ROOM NUMBER SEVENTEEN.** - Second level. - Consisting of a living room, dining room, kitchen, one bedroom, one bathroom and terrace with an area of 95 square meters and with the following abutments: to the North, with the interior stairway; to the South, with room sixteen; to the East, with the beach (empty space); to the West, with room nineteen; Above with the penthouse level; Below with the roof of the first level.

13. - **ROOM NUMBER EIGHTEEN.** - Second level. - Consisting of a living room, dining room, kitchen, one bedroom, one bathroom and terrace with an area of 95 square meters and with the following abutments: to the North, with lot 16-5; to the South, with room seventeen; to the East, with the beach (empty space); to the West, with the interior stairway; Above with the penthouse level; Below with the roof of the first level.

14. - **ROOM NUMBER NINETEEN.** - Second level. - Consisting of a living room, dining room, kitchen, three bedrooms, three bathrooms and terrace with an area of 115 square meters and with the following abutments: to the North, with lot 16-5; to the South, with room; to the East, interior stairway; to the West, with the parking lot (empty space); Above with the penthouse level; Below with the roof of the first level.

PENTHOUSE

15. - **PENTHOUSE NUMBER ONE.** - Consisting of a living room, dining room, kitchen, two bedrooms, dressing room and three bathrooms (on two levels) with an area of 163 square meters and with the following abutments: to the North, with lot 16-5; to the South, with the interior of the hotel; to the East, with the beach; to the West, with the parking lot; Above with the roof, Below with the roof of the second level.

16. - **PENTHOUSE NUMBER TWO.** - Consisting of a living room, dining room, kitchen, two bedrooms, dressing room and three bathrooms (on two levels) with an area of 163 square meters and with the following abutments: to the North, with lot 16-5; to the South, with the interior of the hotel; to the East, with

the beach; to the West, with the parking lot; Above with the roof; Below with the roof of the second level.

FOUR. - Said regime is established for the term of fifty years, and will therefore end on November 11, 2048 and will be called "YUCATAN RESORTS VACATION CLUB" under the terms set forth in the applicable laws on this subject.

FIVE. -This Timeshare Regime may be modified, extended or extinguished as long as no timeshare sales contracts have been executed with third parties or unless approval to do so has been given by these persons, and in any case, said changes must be evidenced in a public deed and registered in the corresponding Public Property and Commerce Record's Office.

SIX. - For the purposes of Article 7 of the Law that establishes the standards to which Timeshare Regime Contracts will be subject "YUCATAN INVESTMENTS S.A. DE C.V.", through its legal representative, hereby exhibits the following documents:

a) The Renewed Building License, folio number CAN 00007495, issued by the Municipal Government of the County of Benito Juarez, Cancun, Quintana Roo, General Department of Urban Development and Ecology, a certified copy of which is attached to the Appendix hereof under letter "B".

b) The description and location plans of each on the units affected in the Timeshare Regime, a certified copy of which is attached to the Appendix hereof under letter "C".

c) The Tourism Timeshare Bylaws containing the rights and obligations of the timeshare services, a certified copy of which is attached to the Appendix hereof under letter "D".

SEVEN. - That the property that is the subject of this deed is free of liens, as evidenced with the certificate that is attached to the Appendix hereof under letter "E".

EIGHT. - That the property that is the subject of this deed is current in Property Tax as is evidenced in the respective receipt attached to the Appendix hereof under letter "F".

NINE. - "YUCATAN INVESTMENTS", S.A. DE C.V., through its legal representative, expressly assumes each and every right and obligation as sharer derived from the Tourism Timeshare Regime that is established herewith before all third parties who have executed or execute contracts for the rendering of timeshare services.

PERSONALITY

Miss MONICA OLIMPIA ALCALA SENS swears under oath that her principal has full legal capacity to commit to the terms of and sign contracts and evidences her powers of representation, which she declares have not been revoked, restricted or limited in any way, with the certified copy of public deed number [illegible] 295 dated October 9, 1998, granted before the undersigned, acting as Substitute Notary in the Protocol of Notary Public Number 13 of the State, a certified copy of which I, the Notary, attach to the Appendix hereof under letter "G".

GENERAL PERSONAL DATA

MONICA OLIMPIA ALCALA SENS declares she was born in Tampico, Tamaulipas on April 27, 1968, is single, a businesswoman, and resides at Calle Gacela Number 14-1, Apartment 1, section 20 of this city.

The party appearing hereto is a Mexican by birth and has the legal capacity to commit to the terms of and sign contracts, and is known to Me, the Notary.

I, the Notary, do witness: that I fulfilled the provisions of Article 61 of the Notaries Law of the State; that I read this deed out loud and explained the legal consequences hereof to the party appearing hereto; that she declared she agreed with the tenor hereof and signed in witness whereof before Me.- I DO SO ATTEST.

Signature of Mrs. MONICA OLIMPIA ALCALA SENS. - Before Me.- Mr. LUIS MIGUEL CAMARA PATRON, Atty.-at-Law. Authorizing Stamp with the National Seal that says: "STATE OF QUINTANA ROO. - LUIS M. CAMARA PATRON. - Substitute Notary. - UNITED MEXICAN STATES. - NOTARY PUBLIC NUMBER 13. - CANCUN, COUNTY OF BENITO JUAREZ".

FINAL AUTHORIZATION. - On May 7, 1999 I give final authorization to this Deed in virtue of having fulfilled all the requirements of law. - I do so attest. - Authorizing stamp. - LUIS MIGUEL CAMARA PATRON, Atty.-at law. - Signed.

FROM THE APPENDIX:

"A" CERTIFIED COPY OF THE CERTIFICATE SET FORTH IN THE TEXT OF THIS DEED. - CONSISTING OF TWO PAGES OF TEXT.

"B" CERTIFIED COPY OF THE BUILDING LICENSE. - CONSISTING OF ONE PAGE OF TEXT

"C" CERTIFIED COPY OF THE DESCRIPTIVE AND LOCATION PLANS FOR EACH UNIT. - CONSISTING OF THIRTY-NINE PAGES OF TEXT.

"D" COPY OF THE CONDOMINIUM BYLAWS. - CONSISTING OF TEN PAGES OF TEXT.

"E" CERTIFICATE OF FREEDOM FROM LIENS. - CONSISTING OF ONE PAGE OF TEXT.

"F" PROPERTY TAX RECEIPT. - CONSISTING OF ONE PAGE OF TEXT.

"G" CERTIFIED COPY OF MRS. MONICA OLIMPIA ALCALA SENS' LEGAL PERSONALITY. - CONSISTING OF TWO PAGES OF TEXT.

"H" RECEIPT FOR PUBLIC RECORD'S OFFICE DUTIES. CONSISTING OF ONE PAGE OF TEXT.

"I" RECEIPT OF PAYMENT OF DUTIES FOR ISSUE OF ONE PUBLIC DEED. - CONSISTING OF ONE PAGE OF TEXT.

THIS IS THE FIRST CERTIFIED COPY OF THE ORIGINAL, DULY COMPARED THERETO, STAMPED AND CONSISTING OF SIX PAGES OF TEXT, ISSUED AT THE REQUEST OF "YUCATAN INVESTMENTS", S.A. DE C.V., TO BE USED AS TITLE WHEREOF. - CANCUN, COUNTY OF BENITO JUAREZ, STATE OF QUINTANA ROO, ON MAY 6, 1999.

[Stamp and illegible signature]

THE CONTENTS OF THIS DOCUMENT WERE REGISTERED TODAY AT 12:00 UNDER NUMBER 129 PAGES 882 - 889 OF BOOK CCCXVI-A, SECTION I OF THE PUBLIC PRORATE AND COMMERCE RECORD'S OFFICE

CANCUN, Q. ROO MAY 12, 1999

THE DIRECTOR OF THE PUBLIC PROPERTY AND COMMERCE RECORD'S OFFICE, NORTH ZONE

[Illegible signature]

JORGE CARLOS MAGAÑA SANCHEZ
MASJ-651205-123

[Stamp of the Public Property and Commerce Record's Office, Cancun, Q. Roo Agency]

CERTIFIED COPY OF THE PUBLIC DEED CONTAINING: THE
CANCELLATION OF A MORTGAGE NOTARIZED BY MR. VICTORIANO
ALVAREZ GARCIA IN FAVOR OF "YUCATAN INVESTMENTS", S.A. DE C.V.

DEED. 14,344

VOLUME 122-E

YEAR 1999

B-9

Document 1-B

Given the above Recitals, the Creditor grants the following:

CLAUSES

FIRST. - Of his own free will and in virtue of the fact that "YUCATAN INVESTMENTS", S.A. DE C.V. has paid in full the Loan that was guaranteed by the property set forth in Recital 2 hereof, the Creditor hereby cancels the mortgage set forth in the Recitals, withdrawing the lien on the referred property and in consequence thereof granting his consent for the corresponding annotations to be made under the terms herein in the corresponding records of the Cancun Agency of the State Public Property and Commerce Record's Office.

SECOND. - All the expenses, rights and fees deriving from this deed will be exclusively charged to "YUCATAN INVESTMENTS", S.A. DE C.V.

GENERAL PERSONAL DATA

Having first been warned of the penalties incurred by those making false statements, the parties hereto gave the following general personal data:

VICTORIANO ALVAREZ GARCIA, born in Puebla, Puebla on January 10, 1947, married, a hotelier, residing at Paseo Kukulcán kilometer 15.5, Baccará Street, hotel zone of this city.

The party hereto is Mexican by birth and has the legal capacity to commit to the terms of and sign contracts, and is known to Me, the Notary.

I, the Notary, do witness: that I fulfilled the provisions of Article 61 of the Notaries Law of the State; that I read this deed out loud and explained the legal consequences hereof to the party hereto; that he declared that he agreed with the tenor hereof and signed in witness thereof before Me. - I DO SO ATTEST.

Signature of Mr. **VICTORIANO ALVAREZ GARCIA**. - Before Me. - Mr. **LUIS MIGUEL CAMARA PATRON**, Atty.-at-Law. Authorizing Stamp with the National Seal that says: "STATE OF QUINTANA ROO. - **LUIS M. CAMARA PATRON**. - Substitute Notary. - UNITED MEXICAN STATES. - NOTARY PUBLIC NUMBER 13. - CANCUN, COUNTY OF BENITO JUAREZ".

FINAL AUTHORIZATION. - On May 6, 1999 I give final authorization to this Deed in virtue of having fulfilled all the requirements of law. - I do so attest. - Authorizing stamp. - **LUIS MIGUEL CAMARA PATRON**, Atty.-at law. - Signed.

FROM THE APPENDIX:

"A". - RECEIPT OF PAYMENT OF PUBLIC RECORD'S OFFICE DUTIES, CONSISTING OF ONE PAGE OF TEXT.

"B". - RECEIPT OF PAYMENT OF DUTIES FOR ISSUE OF ONE PUBLIC DEED. - CONSISTING OF ONE PAGE OF TEXT.

THIS IS THE FIRST CERTIFIED COPY OF THE ORIGINAL, DULY COMPARED THERETO, STAMPED AND CONSISTING OF THREE PAGES OF TEXT, ISSUED AT THE REQUEST OF "YUCATAN INVESTMENTS", S.A. DE C.V., TO BE USED IN WITNESS WHEREOF. - CANCUN, COUNTY OF BENITO JUAREZ, STATE OF QUINTANA ROO, ON MAY 7, 1999.

[Illegible signature and Notary's stamp]

THE CONTENTS OF THIS DEED WERE REGISTERED TODAY AT 10:10 UNDER NUMBER 121 PAGES 819-822 OF BOOK CCCXVI-A SECTION I OF THE PUBLIC PROPERTY AND COMMERCE RECORD'S OFFICE.

CANCUN, Q. ROO ON MAY 11, 1999.

THE DIRECTOR OF THE PUBLIC PROPERTY AND COMMERCE RECORD'S OFFICE NORTH ZONE

[Illegible signature]

JORGE CARLOS MAGAÑA SANCHEZ

MAJ-651205-123

[Stamp of the Public Property and Commerce Record's Office and illegible signature]

CERTIFIED COPY OF PUBLIC DEED CONTAINING: PURCHASE CONTRACT
EXECUTED AND NOTARIZED BY "INMOBILIARIA SIDON", S.A. DE C.V. IN
FAVOR OF "YUCATAN INVESTMENTS", S.A. DE C.V.

Number: 12,807
Volume: 108 "A" Year 1998

LUIS M. CAMARA PATRON, ATTY.-AT-LAW

Sierra #13. S.M. 3 Phones: (98)84-2590/84-5233 Fax: 84-5266 Cancún, Q. Roo

B-13

VOLUME 180
PUBLIC DEED NUMBER 12807

In Cancun, Quintana Roo, United Mexican States, on July 24, 1998, the following persons appeared before me, **LUIS MIGUEL CAMARA PATRON**, Atty.-at-Law, acting as Substitute Notary in Notary Public Number 13 of the State licensed to the practicing Head Notary, Mr. Gabriel Salvador Parra Ramirez, a resident of this city:

I. - "INMOBILIARIA SIDON", S.A. DE C.V. [Incorporated], hereinafter "The Seller", represented herein by Mr. VICTORIANO ALVAREZ GARCIA as Chairman of the Board of Directors of said company.

II. - "YUCATAN INVESTMENTS", S.A. de C.V., hereinafter "The Buyer", represented herein by Mr. MICHAEL EUGENE KELLY as special legal representative of said company.

The parties hereto stated they have come to notarize a PURCHASE CONTRACT, which is granted under the terms of the following Recitals and Clauses:

RECITALS

FIRST. - Through its legal representative, the Seller declares:

a) That it is the only legitimate owner in full possession of the property described as follows:

Lot of land and building located in Cancun, County of Benito Juarez, State of Quintana Roo, indicated with number 16-6, Section "A", Continuation of Boulevard [T.N. name of street missing in original], Tourist Zone, with a surface measurement of 2,394.20 square meters and the following measurements and borderlines: to the North, 56.77 meters abutting on lot 16-5; to the South, 53.80 meters, abutting on lot 16-7; to the East, 42.50 meters, adjoining the Federal Zone, and to the West, two sections, the first 22.05 meters and the second 20.68 meters, adjoining Boulevard Kukulcán".

b) That he acquired the property by Public Deed Number 80 dated July 21, 1986, executed before Marco Antonio Sanchez Vales, Atty.-at-Law, Head Notary of Notary Public Number 3 of the State, the contents of which is registered under number 401 on page 430 Book 30, Section One of the Cancun Agency of Public Property and Commerce Record's Office of the State of Quintana Roo.

c) That the above referred property has the following lien:

Jun 07 88 12:07

According to document number 1282/998, letter requisitorial number 41/998 of the Second Civil Court of First Instance, a precautionary attachment brought by Mr. Guillermo Quevedo Sandoval. Atty -at-Law.

The above is evidenced with a certificate of lien exhibited herewith and attached to the appendix hereof under the letter "A".

That, in addition, the debt covered by the above attachment has been paid in full and the respective judicial authority has issued the cancellation of the corresponding lien which is still pending registration in the Cancun Agency of the Public Property and Commerce Record's Office of the State, said document being attached hereto under letter "B".

d) That he is current in income tax as is evidenced by the respective Receipt which is exhibited herewith and attached hereto under letter "C".

e) That he is current in payment of each and every one to the utilities provided to the referred property and the tax contributions inherent thereto, such as domestic drinking water supply, electricity and Taxes, Contributions and Municipal, State and Federal Services.

f) That he has the rights to the Federal Maritime Land Zone concession of the property that is the subject of this Transaction.

SECOND. - Through its legal representative, the Buyer states.

That he is familiar with the property described in Recital 1 a) above, and that it is his wish to acquire ownership of said property, and that he has asked the Seller to execute this Contract.

Given the above, the parties hereto grant the following:

CLAUSES

ONE.- "INMOBILIARIA SIDON", S.A. DE C.V., through its legal representative, definitively and irrevocably sell and assigns the property described in Recital 1 a), with the condition set forth in Recital 1 c), without debts for contributions, and with all the rights that in fact and in law correspond to it and to all things found within its perimeter, also assigning dominium utile and direct ownership of said property to "YUCATAN INVESTMENTS", S.A. DE C.V., and with a warrant of title and right of possession, under the terms of law.

In addition, "INMOBILIARIA SIDON", S.A. DE C.V. assigns the rights it may have for the use and concession of the Federal Maritime Land Zone set forth in Recital 1 f).

TWO. - The parties hereto establish as the price of this Purchase the sole, total, lump sum of \$9,677,395.00 (NINE MILLION SIX HUNDRED SEVENTY-SEVEN THOUSAND THREE HUNDRED NINETY FIVE PESOS, MEXICAN CURRENCY), plus the corresponding Value Added Tax of the amount of \$769,262.25 (SEVEN HUNDRED SIXTY-NINE THOUSAND TWO HUNDRED SIXTY-TWO PESOS 25 CENTS, MEXICAN CURRENCY), which the Seller declares he received from the Buyer to his complete satisfaction for which he hereby grants the most complete receipt that is applicable under Law and to his own guaranty.

Of the value of the transaction, the amount of \$4,548,980 (FOUR MILLION FIVE HUNDRED FORTY-EIGHT THOUSAND NINE HUNDRED EIGHTY PESOS, MEXICAN CURRENCY) correspond to the land and the sum of \$5,128,415.00 (FIVE MILLION ONE HUNDRED TWENTY-EIGHT THOUSAND FOUR HUNDRED FIFTEEN PESOS, MEXICAN CURRENCY) correspond to the buildings

THREE. - Prior to signing this document, the Seller has granted possession, use and usufruct of the property acquired herein to the Buyer, who acknowledges receipt thereof to his entire satisfaction and approval, and therefore is hereby obligated to cover the fiscal charges corresponding to said property from his own pocket, in addition to complying with each and every one of the Municipal, State and Health requirements applicable to said property.

FOUR. - The Seller is liable and promises to cancel all liens related to Rectal 1 a) herein within a maximum of two months as of the signature date hereof.

FIVE. - The expenses, taxes, rights and fees deriving from this transaction will be charged to the Buyer.

FISCAL CLAUSES

FIRST. - ASSIGNMENT OF PROPERTY TAX. - Under the terms of Article 29 of the Tax Office Law for Municipalities of the State, this transaction is subject to an Acquisition of Property Tax for the amount of \$193,547.9 (ONE HUNDRED NINETY-THREE THOUSAND FIVE HUNDRED FORTY-SEVEN PESOS NINE CENTS, MEXICAN CURRENCY).

SECOND. - VALUE ADDED TAX. - "INMOBILIARIA SIDON", S.A. DE C.V. declares through its legal representative appearing hereto that it is a corporate entity that makes periodic payments of Value Added Tax and in addition declares that the tax corresponding to this transaction will be accrued and paid under the terms of the Value Added Tax Law, hereby exhibiting the last stamped statements wherein provisional payments of said tax are made, certified copies of which are attached to the appendix hereof under letter "D". Therefore under

the terms of Article 48 of the Regulations for the Value Added Tax Law, the undersigned Notary is relieved of the obligation to calculate and pay said tax.

LEGAL PERSONALITY

a) Mr. VICTORIANO ALVAREZ GARCIA, states that his principal has the legal capacity to commit to the terms of and sign contracts, and evidences his representation, which he declares has not been revoked or restricted, with Public Deed Number 29936 dated May 17, 1985, signed before Mr. Sergio Tinoco Loera, Head Notary of Notary Public Number 5 of the State of Puebla, a copy of which he herewith exhibits and the pertinent parts of which are certified and attached to the Appendix hereof under letter "E".

b) Mr. MICHAEL EUGENE KELLY, states that his principal has the legal capacity to commit to the terms of and sign contracts, and evidences his representation, which he declares has not been revoked or restricted, with Public Deed Number 12794 dated July 23, 1998, signed by the Notary authorizing this document, which he hereby exhibits and the pertinent parts of which are certified and attached to the Appendix hereof under letter "F".

GENERAL PERSONAL DATA

Having first been warned of the penalties incurred by those making false statements, the parties hereto gave the following general personal data:

I - VICTORIANO ALVAREZ GARCIA, born in Puebla, Puebla on January 10, 1947, married, a hotelier, residing at Paseo Kukulcán kilometer 15.5, Baccará Street, hotel zone of this city.

II - MICHAEL EUGENE KELLY, born in Indianapolis, Indiana, United States of America, on October 6, 1949, married, a businessman, residing at 29294 Quinn Rd., Liberty, Indiana, United States of America, and passing through this city.

The first above party is Mexican by birth and the second party is a United States citizen, who evidences his legal entry into the country with the immigration document that he herewith exhibits, a certified copy of which is attached to the Appendix hereof under letter "G", both the above parties having the legal capacity to commit to the terms of and sign contracts and both being known to Me, the Notary.

I, the Notary, do witness: that I fulfilled the provisions of Article 61 of the Notaries Law of the State; that I read this deed out loud and explained the legal consequences hereof to the parties hereto; that they declared they agreed with the tenor hereof and signed in witness thereof before Me.- I DO SO ATTEST.

B17

Signature and initials of Messers. VICTORIANO ALVAREZ GARCIA and MICHAEL EUGENE KELLY. - Before Me.- Mr. LUIS MIGUEL CAMARA PATRON, Atty.-at-Law. Authorizing Stamp with the National Seal that says: "STATE OF QUINTANA ROO. - LUIS M. CAMARA PATRON. - Substitute Notary. - UNITED MEXICAN STATES. - NOTARY PUBLIC NUMBER 13. - CANCUN, COUNTY OF BENITO JUAREZ".

FINAL AUTHORIZATION. - On August 10, 1998 I give final authorization to this Deed in virtue of having fulfilled all the requirements of law. - I do so attest. - Authorizing stamp. - LUIS MIGUEL CAMARA PATRON, Atty.-at law. - Signed.

FROM THE APPENDIX:

"A" CERTIFICATE OF LIENS. - CONSISTING OF ONE PAGE OF TEXT.

"B" CERTIFIED COPY OF THE OFFICIAL DOCUMENT CANCELING THE LIEN. - CONSISTING OF ONE PAGE OF TEXT

"C" PROPERTY TAX RECEIPT. - CONSISTING OF ONE PAGE OF TEXT.

"D" CERTIFIED COPY OF VALUE ADDED TAX STATEMENTS. - CONSISTING OF EIGHT PAGES OF TEXT.

"E" CERTIFIED COPY OF MR. MICHAEL EUGENE KELLY'S LEGAL PERSONALITY. - CONSISTING OF ONE PAGE OF TEXT.

"H" CERTIFIED COPY OF APPRAISAL. - CONSISTING OF FOUR PAGES OF TEXT.

"I" ACQUISITION OF PROPERTY TAX RECEIPT. - CONSISTING OF ONE PAGE OF TEXT.

"J" RECEIPT FOR PUBLIC RECORD'S OFFICE DUTIES. CONSISTING OF ONE PAGE OF TEXT.

"K" RECEIPT OF PAYMENT OF DUTIES FOR ISSUE OF ONE PUBLIC DEED. - CONSISTING OF ONE PAGE OF TEXT.

THIS IS THE FIRST CERTIFIED COPY OF THE ORIGINAL. DULY COMPARED THERETO. STAMPED AND CONSISTING OF FOUR PAGES OF TEXT, ISSUED AT THE REQUEST OF "YUCATAN INVESTMENTS", S.A. DE C.V., TO BE USED AS ITS PROPERTY TITLE. - CANCUN, COUNTY OF BENITO JUAREZ, STATE OF QUINTANA ROO, ON AUGUST 10, 1998.

[Stamp and illegible signature]

THE CONTENTS OF THIS DOCUMENT WERE REGISTERED TODAY AT
12:00 UNDER NUMBER 60 PAGES 606-613 OF BOOK CCXCVII-A SECTION I
OF THE PUBLIC PRORATE AND COMMERCE RECORD'S OFFICE

CANCUN, Q. ROO AUGUST 11, 1998

THE DIRECTOR OF THE PUBLIC PROPERTY AND COMMERCE RECORD'S
OFFICE, NORTH ZONE

[Illegible signature]

JORGE CARLOS MAGAÑA SANCHEZ

MASJ-651205-123

[Stamp of the Public Property and Commerce Record's Office, Cancun, Q. Roo
Agency]

I hereby certify that the annexed
instrument is a true and correct copy
of the original on file with the AZ Dept.
of Real Estate

Date: 6-27-03 J. Delal
Authorized Clerk

Exhibit 7

CONTRACT OF PROVISION OF SERVICES TO PROMOTE AND MARKET TIMESHARE ENTERED INTO BY THE BUSINESS CORPORATION KNOWN AS "YUCATAN INVESTMENT, S.A. DE C.V.", REPRESENTED HEREIN BY MR. MICHAEL EUGENE KELLY, HEREAFTER "THE CORPORATION", AND ON THE OTHER PART THE BUSINESS CORPORATION KNOWN AS "YUCATAN RESORTS, S.A. DE C.V.", REPRESENTED HEREIN BY MS. MONICA OLIMPIA ALCALA SENS, HEREAFTER "THE PROMOTER", SUBJECT TO THE FOLLOWING RECITALS AND CLAUSES:

RECITALS

- 1.- "THE CORPORATION"
"THE CORPORATION" STATES THROUGH ITS LEGAL REPRESENTATIVE, MR. MICHAEL EUGENE KELLY, WHO PROVES HIS LEGAL PERSONALITY WITH PUBLIC DEED NUMBER 6,278 DATED JANUARY 21st OF 1998, GRANTED BY THE LAWYER, MR. BENJAMIN SALVADOR DE LA PENA MORA, NOTARY PUBLIC NUMBER 20 OF THE STATE OF QUINTANA ROO, STATING ALSO THAT HIS POWERS HAVE NOT BEEN REVOKED OR AMENDED IN ANY WAY AND THAT:
 - A) ITS PRINCIPAL IS A BUSINESS CORPORATION INCORPORATED ACCORDING TO THE LAWS OF THIS COUNTRY, THROUGH DEED NUMBER 6,278 DATED JANUARY 21st OF 1998, GRANTED BY THE LAWYER, MR. BENJAMIN SALVADOR DE LA PENA MORA, NOTARY PUBLIC NUMBER 20 OF THE STATE OF QUINTANA ROO.
 - B) ITS PRINCIPAL IS THE OWNER AND HAS FULL LAWFUL POSSESSION OF THE LAND AND EXISTING BUILDINGS ON IT LOCATED AT KILOMETER 11.5 OF KUKULKAN BOULEVARD IN THE HOTEL ZONE OF THIS CITY OF CANCUN, QUINTANA ROO, AND IN WHICH THE BUSINESS ENTITY KNOWN AS "HOTEL BACCARA" IS OPERATING, AN ENTITY THAT HAS THE FURNITURE, EQUIPMENT, DECORATION AND FIXTURES CORRESPONDING TO A HOTEL AND WHICH IS ADEQUATE FOR THAT ACTIVITY, THE PROPERTY HAVING 23 FULLY-DECORATED ROOMS AND IN FULL OPERATING CONDITION, WHICH FEATURES, DIMENSIONS AND BOUNDARIES ARE SPECIFIED IN ANNEX "A" HERETO, SIGNED BY BOTH PARTIES.
 - C) THAT THE TIMESHARE SYSTEM WAS INSTITUTED OVER THE SAID PROPERTY THROUGH PUBLIC DEED 160 DATED MAY 3 OF 1999, GRANTED BY THE LAWYER, MR. LUIS MIGUEL CAMARA PATRON, NOTARY PUBLIC NUMBER 13 OF THE STATE OF QUINTANA ROO AND RECORDED AT THE PUBLIC REGISTRY OF THE PROPERTY AND COMMERCE IN THE CITY OF CANCUN WITH NUMBER 129 ON PAGES 882 TO 891 OF BOOK CCCXVI-A, FIRST SECTION ON MAY 12, 1999, WHEREIN ALL BLUEPRINTS, PERMITS AND AUTHORIZATIONS FOR THE

EXHIBIT E - 1

PROMOTION AND SALE OF TIMESHARE AT THE REFERRED PROPERTY, WERE CERTIFIED.

- D) THAT ITS PRINCIPAL HAS FULL RIGHTS OF OWNERSHIP OF THE TRADE MARKS OF PRODUCTS AND SERVICES CALLED "BACCARÁ", THE SAME THAT ARE LEGALLY REGISTERED AND PROTECTED ACCORDING TO THE LAW BEFORE THE CORRESPONDING AUTHORITIES AND THAT THE GRANTING OF THE USE OR LICENSE OF THE SAID TRADE MARKS IS NOT THE OBJECT OF THIS CONTRACT.
- E) THAT IT IS ITS WILL TO ENTER INTO THIS CONTRACT WITH "THE PROMOTORA" IN THE TERMS INDICATED FURTHER HEREUNDER TO PROMOTE AND MARKET TIMESHARE IN RESPECT TO EACH AND EVERY ONE OF THE 23 ROOMS THAT THE AFORESAID HOTEL HAS.

II.- "THE PROMOTORA"

"THE PROMOTORA" STATES THROUGH ITS LEGAL REPRESENTATIVE, MS. MONICA OLIMPIA ALCALA SENS, WHO PROVES HER PERSONALITY WITH A COPY OF DEED NUMBER 105 OF BOOK ONE OF THE REGISTRY OF BUSINESS CORPORATIONS, DATED AUGUST 7, 1998, ISSUED BY THE LAWYER, MR. RAUL GUSTAVO BRINGAS CELICEO, PUBLIC BROKER NUMBER 1 OF THE STATE OF QUINTANA ROO WHICH WAS RECORDED AT THE PUBLIC REGISTRY OF THE PROPERTY AND COMMERCE IN THE CITY OF CANCUN, QUINTANA ROO ON AUGUST 18 OF 1998 WITH NUMBER 16 ON PAGES 168 TO 182 OF BOOK CLXXVII OF SECTION IV, STATING ALSO THAT HER POWERS HAVE NOT BEEN REVOKED OR MODIFIED WHATSOEVER AND THAT:

- A) ITS PRINCIPAL IS A BUSINESS CORPORATION INCORPORATE ACCORDING TO THE LAWS OF THIS COUNTRY, THROUGH DEED NUMBER 105 OF BOOK ONE OF THE REGISTRY OF BUSINESS CORPORATIONS, DATED AUGUST 7, 1998, ISSUED BY THE LAWYER, MR. RAUL GUSTAVO BRINGAS CELICEO, PUBLIC BROKER NUMBER 1 OF THE STATE OF QUINTANA ROO WHICH WAS RECORDED AT THE PUBLIC REGISTRY OF THE PROPERTY AND COMMERCE IN THE CITY OF CANCUN, QUINTANA ROO ON AUGUST 18 OF 1998 WITH NUMBER 16 ON PAGES 168 TO 182 OF BOOK CLXXVII OF SECTION IV.
- B) THAT ITS PRINCIPAL IS FULLY AWARE OF THE FEATURES, DESCRIPTION AND LOCATION OF THE HOTEL KNOWN AS "BACCARÁ" WHICH IS THE PROPERTY OF "THE CORPORATION" AND IS AWARE THAT IT HAS THE FURNITURE AND EQUIPMENT, DECOR AND FIXTURES THAT CORRESPOND A HOTEL, KNOWING AS WELL, THAT THE SAID PROPERTY HAS 23 FULLY DECORATED ROOMS IN FULL WORKING CONDITION, WITH THE FEATURES, DIMENSIONS AND BOUNDARIES SPECIFIED IN ANNEX "A" HERETO, SIGNED BY THE PARTIES.

- C) THAT ITS PRINCIPAL CONSIDERS THAT THE AFORE DESCRIBED FACILITIES OF THE HOTEL ARE BUSINESS AND ARCHITECTURALLY ADEQUATE TO UNDERTAKE THE PROMOTION AND MARKETING OF TIMESHARE IN RESPECT OF EACH AND EVERY ONE OF THE 23 ROOMS IT CONSISTS OF.
- D) THAT ITS PRINCIPAL KNOWS THAT "THE CORPORATION" IS CURRENTLY OPERATING THE AFORESAID HOTEL, BEING ALSO AWARE THAT THE LATTER WILL CONTINUE OPERATING IT, SAVE FOR THE ACTIVITY TO PROMOTION AND MARKET THE TIMESHARE UNDERTAKEN BY "THE PROMOTER", IN THE TERMS DEFINED HEREUNDER.
- E) THAT ITS PRINCIPAL HAS ALL MATERIAL AND HUMAN RESOURCES NECESSARY, WITH THE REQUIRED EXPERIENCE, AND WITH THE CORRESPONDING TECHNICAL, ADMINISTRATIVE, ACCOUNTING, TAX, BUSINESS AND MARKETING ELEMENTS TO PROVIDE SATISFACTORILY THE SERVICES INDICATE HEREUNDER.

III.- BOTH PARTIES STATE THAT:

- A) THEY MUTUALLY RECOGNIZE THE PERSONALITIES THEY REPRESENT, AS WELL AS THE LEGAL CAPACITY TO BE BOUND IN THIS CONTRACT.
- B) THAT IT IS THEIR WILL TO EXECUTE THIS CONTRACT OF SERVICE PROVISION, SUBJECT TO THE FOLLOWING:

CLAUSES

FIRST.- "THE PROMOTER" IS BOUND THROUGH THIS CONTRACT TO PROVIDE IN FAVOR OF "THE CORPORATION" THE PROMOTION AND MARKETING OF THE TIMESHARE IN RESPECT OF THE 23 ROOMS THAT MAKE UP THE "BACCARÁ" HOTEL WHICH IS OWNED BY "THE CORPORATION" AND IS LOCATED AT KILOMETER 11.5 OF THE KUKULKAN BLVD. IN THE HOTEL ZONE OF THIS CITY OF CANCUN, QUINTANA ROO, "THE PROMOTER" HAVING IN CONSEQUENCE TO MAKE THE INTEGRATION, MARKETING AND PROMOTION OF THE ROOMS THAT ARE PART OF THE TIMESHARE, "THE PROMOTER" BEING SPECIFICALLY BOUND TO UNDERTAKE THE FOLLOWING ACTIVITIES:

1. ANALYSIS, EVALUATION AND PRODUCT DESIGN (TIME SHARE SYSTEM).
2. PREPARATION OF ACCOUNTING PROCEDURES RELATED TO CLIENT BILLING, PURCHASING, STAFF PAYROLL AND, IN GENERAL, ANY ADMINISTRATIVE ACTION NECESSARY TO ATTAIN THE GOAL OF THIS INSTRUMENT.

3. PROPOSAL OF CREDIT POLICIES ACCORDING TO THE FEATURES OF THE TIMESHARE SYSTEM.
4. ANALYZE, NEGOTIATE AND AGREE WITH "THE CORPORATION" THE RETAINING OF THE EXCHANGE COMPANY OR COMPANIES, UNDERSTANDING BY THE LATTER, THE CORPORATION OFFERING AFFILIATION SERVICES TO INTERNATIONAL TIMESHARE DEVELOPMENTS, WHICH AFFILIATES MAY OFFER THE BUYERS OF TIMESHARE, THE OPPORTUNITY TO EXCHANGE THEIR RIGHTS TEMPORARILY WITH THE BUYERS OF TIMESHARE AT OTHER TOURIST DEVELOPMENTS, LIKE "RCI", AMONG OTHERS.
5. PROPOSE TO "THE CORPORATION" FOR ITS APPROVAL, THE TIMESHARE MODEL CONTRACTS, THEIR TRADE NAME, THE TECHNICAL AND ECONOMIC SPECIFICATIONS THAT WILL RULE THEM, AS WELL AS THE INSTRUMENTS THAT MUST BE EXECUTED IN GUARANTEE, SUCH AS THE PROMISSORY NOTES AND ACKNOWLEDGMENTS.
6. ESTABLISH THE INTERNAL REGULATIONS THAT INCLUDE RECRUITMENT OF THE NECESSARY STAFF FOR THE OPERATION OF THE SERVICES BEING CONTRACTED HEREUNDER, PARTICULARLY AS REFERS TO THE PROMOTION AND SALE OF THE TIMESHARE SYSTEM, AS WELL AS THE NECESSARY TRAINING AND LEARNING PROGRAMS FOR THE SAID STAFF.
7. DEFINE THE PROPOSAL OF THE BUSINESS PLAN, PROMOTION AND MARKETING PROGRAMS OF THE TIMESHARE PROGRAM.
8. OBTAIN ALL NECESSARY PERMITS AND LICENSES, WHETHER FEDERAL, STATE OR MUNICIPAL, THAT "THE PROMOTER" OR THE PROPERTY REQUIRE FOR THE OPENING AND OPERATION OF THE TIMESHARE SYSTEM.
9. CREATION, IMPLEMENTATION AND DISTRIBUTION OF THE ADVERTISING MATERIAL NECESSARY AND CONVENIENT FOR THE PRESENTATION OF THE TIMESHARE SYSTEM WITHIN MEXICO OR ABROAD, COMPLYING WITH ALL NATIONAL AND INTERNATIONAL GOVERNMENT PROVISIONS AND REGULATIONS IN THE AREA OF ADVERTISING, MARKETING AND THE CORPORATION OF THE INDIVIDUAL CONTRACTS.
10. PROPOSE TO "THE CORPORATION" FOR ITS APPROVAL, THE PROJECTS OF THE NEW MARKETING PROGRAMS OF THE TIMESHARE SYSTEM.

11. SUPERVISE DAILY THE CORRECT OPERATION OF THE ENTITIES INVOLVED IN THE TIMESHARE SYSTEM, UNTIL TERMINATION OF THE MARKETING AND COLLECTIONS FOR ALL THE ROOMS DEDICATED TO THE TIMESHARE SYSTEM.
12. DESIGN OF THE SALES PHILOSOPHY AND POLICY.
13. PROPOSE "THE CORPORATION" FOR ITS APPROVAL, THE STRUCTURE AND POLICIES OF THE COMMISSIONS TO BE PAID THE SALES STAFF OF "THE PROMOTER".
14. PROPOSE TO "THE CORPORATION" FOR ITS APPROVAL, THE ANALYSIS AND CONSULTING PROJECT IN THE DEFINITION OF THE CORPORATE AND TAX STRATEGY OF THE SERVICES TO BE PROVIDED.
15. PROPOSE TO "THE CORPORATION" FOR ITS APPROVAL, THE BUDGET AND CASH FLOW FOR THE FIRST FISCAL PERIOD.
16. PROPOSE TO "THE CORPORATION" FOR ITS APPROVAL, THE NEEDS AND REQUIREMENTS FOR INFORMATION EQUIPMENT, AS WELL AS THE NECESSARY SOFTWARE, IN THE UNDERSTANDING THAT "THE PROMOTER" WILL PROPOSE THE COMPUTER SOFTWARE LIKELY TO BE USED.
17. PREPARE THE PROCEDURES TO IMPLEMENT, CONTROL AND MANAGE THE TREASURY, AS WELL AS THE BANK PROCEDURES AND OPERATING POLICIES.
18. PROPOSE TO "THE CORPORATION" FOR ITS APPROVAL, THE POLICIES AND SYSTEMS RELATED TO ACCEPTING CREDIT CARDS AND CUSTOMER SERVICE, THE PROCEDURE AND ITS CONDITIONS.
19. PROPOSE TO "THE CORPORATION" FOR ITS APPROVAL, THE RESEARCH OF NATIONAL AND FOREIGN MARKETS AS POTENTIAL BUYERS OF THE PRODUCT TO BE MARKETING.

SECOND.-BOTH PARTIES AGREE THAT "THE PROMOTER", IN THE TERMS HEREUNDER AND GIVEN THE NATURE OF THE TIMESHARE CONTRACT, MUST OBSERVE IN A FAITHFUL MANNER, EACH AND EVERY ONE OF THE GUIDELINES INDICATED HEREIN, REPRESENTING THE PATRIMONIAL INTERESTS OF "THE CORPORATION" IN A PROFESSIONAL FORM AND ABIDING EXCLUSIVELY AND STRICTLY, BY THE PROVISIONS, AGREEMENTS AND CONTRACTS THAT MAY HAVE BEEN PREVIOUSLY APPROVED BY "THE CORPORATION" BEING RESPONSIBLE BEFORE "THE CORPORATION" OF THE ACTIONS OF ANY THIRD PARTIES PARTICIPATING IN THE TIMESHARE SYSTEM UNDER ITS SUPERVISION OR CONTROL, AS

WELL AS BY THE AGREEMENTS AND RESOLUTIONS TAKEN BY IT IN THE EXECUTION OF THE SERVICES HEREIN CONTRACTED.

THIRD.-"THE CORPORATION" WILL PAY "THE PROMOTER" FOR THE CONCEPT OF FEES FOR THE SERVICES OBJECT OF THIS CONTRACT, THE AMOUNT RESULTING FROM APPLYING 40% OF THE TOTAL INCOME THAT THE CORPORATION RECEIVES MONTHLY FOR THE PAYMENT OF THE TIMESHARE SALES AND MAINTENANCE, AS WELL AS ANY OTHER INCOME THAT, ACCORDING TO THIS CONTRACT, WAS RECEIVED BY "THE CORPORATION", PLUS THE VALUE ADDED TAX, HAVING TO COVER THE SAID AMOUNT FOR COMPLETE MONTHS WITHIN THE FIRST 10 CALENDAR DAYS OF THE FOLLOWING MONTH. "THE PROMOTER" WILL, IN TURN, GIVE "THE CORPORATION" WITH EACH PAYMENT, THE CORRESPONDING FISCAL RECEIPTS WITH THE BREAKDOWN OF THE VALUE ADDED TAX.

FOR THE EFFECTS OF THE PROVISIONS IN THIS CLAUSE, BOTH PARTIES AGREE THAT MEMBERSHIP SALES WILL ONLY BE RECORDED IF MADE ACCORDING TO THE SYSTEM PREVIOUSLY AGREED BETWEEN THE PARTIES, INDICATING ALSO THAT, FOR A SALE TO BE CONSIDERED AS "COMPLETE" AT LEAST 25% OF THE PRICE INDICATED IN THE CORRESPONDING CONTRACT SHOULD HAVE BEEN COVERED, OR THE PERCENTAGE THAT THE PARTIES WOULD HAVE PREVIOUSLY APPROVED FOR THE LOW SEASONS.

LIKewise, IT IS STATED THAT ALL EXPENSES THAT THE PROJECT REQUIRES WILL BE CONSIDERED WITHIN THE FEES, THE SAME THAT SHOULD BE COVERED EXCLUSIVELY BY "THE PROMOTER" WITHOUT CHARGING THEM IN ANY WAY TO "THE CORPORATION".

FOURTH.- BOTH PARTIES AGREE THAT "THE CORPORATION" MAY UNDERTAKE AT ANY TIME, THE REVIEW AND CHECKING OF THE DUE IMPLEMENTATION OF THE SALES, MARKETING AND ADMINISTRATION POLICIES BY "THE PROMOTER", AS WELL AS THE FULFILLMENT OF EACH AND EVERY ONE OF THE OBLIGATIONS THAT THE LATTER ACQUIRED IN CLAUSE SECOND HEREUNDER, "THE CORPORATION, IN TURN, GRANTING THE FORMER ALL NECESSARY ASSISTANCE TO THAT END, AS WELL AS TO PROVIDE IT IMMEDIATELY, WHENEVER SO REQUESTED, WITH THE DOCUMENT, MECHANIC, ELECTRONIC OR MAGNETIC INFORMATION RELATIVE TO THIS CONTRACT THAT "THE CORPORATION" REQUESTS.

FIFTH.-"THE PROMOTER" IS BOUND TO SEND "THE CORPORATION" EVERY WEEK, FOR THE FULL PREVIOUS WEEK ON EVERY MONDAY, A REPORT ABOUT THE SALES MADE AND EXPENSES INCURRED BY IT DURING THE SAID PERIOD, A REPORT THAT WILL BE DELIVERED TO "THE CORPORATION" AT ITS ADDRESS LOCATED WITHIN THE ADMINISTRATIVE OFFICE OF THE HOTEL OBJECT OF THIS CONTRACT.

ANY REPORTS OR STATEMENTS REFERRED TO IN THIS ITEM, MUST BE SUPPORTED FOR ACCOUNTING PURPOSES WITH THE DEPOSIT SLIPS, BOOKS AND RECORDS OF THE SYSTEM AND REPORTED IN LOCAL CURRENCY, IN THE FORMATS APPROVED PREVIOUSLY BY THE PARTIES TO THIS EFFECT.

SIXTH.-"THE PROMOTER" WILL ACT IN ITS ROLE AS THE DIRECTOR OF THE SYSTEM, TAKING ALL RESPONSIBILITY FOR ITS EXECUTION AND RESULTS, HAVING TO UNDERTAKE THE NEGOTIATIONS AND ACTIONS THAT, TO THE BEST OF ITS KNOWLEDGE AND EXPERIENCE ARE TO BE TAKEN. LIKEWISE, THE PARTIES HEREBY AGREE THAT ALL REVENUE ORIGINATED BY THE OPERATION OF THE SYSTEM, AS WELL AS ALL EXPENSES FOR THE SAID OPERATION, MUST BE CONTROLLED EXCLUSIVELY BY "THE CORPORATION".

LIKEWISE, ALL AMOUNTS INVESTED IN THE TIMESHARE SYSTEM TO BE IMPLEMENTED, MUST BE PROVIDED BY "THE CORPORATION", WITHIN THE LIMITS THAT WERE PREVIOUSLY AGREED BETWEEN THEM AND SHALL BE DEPOSITED TO THAT ACCOUNT OR ACCOUNTS OPENED IN THE NAME OF "THE PROMOTER", WHICH WILL BE IDENTIFIED AS OPERATING ACCOUNTS AND WHICH SHALL BE OPENED WITH A CREDIT INSTITUTION, STOCK BROKER OR OTHER NATIONAL OR FOREIGN INSTITUTION DETERMINED TO THE EFFECT BY "THE PROMOTER".

SEVENTH.-EVERY FIRST MONDAY OF EACH MONTH, OR ELSE WHEN SO DETERMINED BY, "THE CORPORATION" DURING THE TERM OF THIS CONTRACT, THE PARTIES WILL MEET TO COMMENT AND EVALUATE THE AMOUNT OF THE SALES AND CANCELLATIONS OCCURRED DURING THE IMMEDIATELY PREVIOUS MONTHLY PERIOD.

ONCE THE NUMBER OF CANCELLATIONS IS DETERMINED ACCORDING TO THE FOREGOING CRITERIA, "THE CORPORATION" WILL DISCOUNT 15% FROM THE AMOUNT RETURNED TO THE BUYER WHOSE CONTRACT WOULD HAVE BEEN CANCELED FOR ANY REASON, APPLYING THE SAID DISCOUNT TO THE FOLLOWING PAYMENT IN CONCEPT OF FEES THAT "THE PROMOTER" HAS THE RIGHT TO RECEIVE.

EIGHTH.- BOTH PARTIES AGREE THAT THE EXECUTION OF THIS CONTRACT DOES NOT AUTHORIZE "THE PROMOTER" TO ACQUIRE RIGHTS OVER THE TRADE MARKS, LOGOTYPES AND ALL OTHER INTELLECTUAL OR AUTHORIAL ASSETS RELATIVE TO THE HOTEL, WHETHER EXISTING OR THAT MIGHT EXIST BY VIRTUE OF THE HOTEL OPERATION OR OF THE SYSTEM IMPLEMENTED FOR THE PROMOTION AND SALE OF THE TIME-SHARE.

NINTH.-WITHOUT PREJUDICE TO THE AFORESTATED, DURING THE TERM OF THIS CONTRACT, "THE CORPORATION" AUTHORIZES HEREBY "THE

PROMOTER" TO BE ABLE TO USE THE PRODUCT AND SERVICES BRANDS AND TRADEMARKS OF ITS PROPERTY IN A NON EXCLUSIVE MANNER AND ONLY FOR THE BEST DEVELOPMENT OF THE SYSTEM, IN THE UNDERSTANDING THAT IT MAY EXPLOIT COMMERCIALY THE BRANDS, ONLY AND EXCLUSIVELY IN THE FORM, DESIGN AND PLACES THAT ARE PREVIOUSLY APPROVED BY "THE CORPORATION".

TENTH.- HOUSE REGULATIONS OF THE HOTEL.- IDENTIFICATION.-"THE PROMOTER" AND ITS TECHNICIANS, EMPLOYEES, ASSISTANCE AND THIRD PARTIES HIRED BY IT, AGREE TO OBSERVE AND COMPLY WITH EACH AND EVERY ONE OF THE MEASURES, NORMS AND INTERNAL REGULATIONS THAT THE HOTEL ESTABLISHES OR MIGHT ESTABLISH, INCLUDING THOSE FOR THE INTERNAL SECURITY OF THE HOTEL, FOR WHICH "THE CORPORATION" SHALL PROVIDE "THE PROMOTER", THE SAID MANUALS AND/OR REGULATIONS FOR THE LATTER'S INFORMED AND TO INSTRUCT ITS STAFF ABOUT THE SAID RULES. IN ANY CASE, "THE PROMOTER" SHALL BE RESPONSIBLE, UNDER CIVIL AND PENAL LAWS, FOR ALL DAMAGES AND HARM THAT MIGHT BE CAUSED FOR THIS REASON, EITHER DIRECTLY OR INDIRECTLY.

ELEVENTH.- BOTH PARTIES AGREE THAT, AS PROVIDED IN MEXICAN OFFICIAL NORM, NOM-029-SDFI-1988 PUBLISHED IN THE OFFICIAL FEDERAL GAZETTE ON THE FRIDAY JANUARY 29 OF 1999, BOTH PARTIES HERETO ARE BOUND TO THEIR ROLES UNTIL TERMINATION OF THE TERM INDICATED IN THE CONSTITUTION OF THE SERVICE. RELEASE OF THESE PROPERTIES MAY ONLY BE DONE WHEN THERE ARE NO MORE USERS. FOR THAT EFFECT, THE PROMOTER MUST OBSERVE THE PROVISIONS IN THE STATE LAWS AND, IF NONE, THEN THE FOLLOWING PROCEDURE:

A) NOTIFY THE SECRETARIAT OF COMMERCE AND INDUSTRIAL PROMOTION AND THE FEDERAL CONSUMER PROTECTION BOARD ABOUT THE INTENTION TO REMOVE THE PROPERTY OR PROPERTIES FROM THE SYSTEM, AND TO REQUESTS AUTHORIZATION FROM THE FEDERAL CONSUMER PROTECTION BOARD TO UNDERTAKE SUCH PURPOSE. IN ANY CASE, RELEASE OF THE PROPERTIES WILL BE EFFECTIVE ONE YEAR AFTER THE DATE OF REQUEST OF CANCELLATION OF THE REGISTRATION IN THE SYSTEM AT THE CORRESPONDING OFFICE OF THE PUBLIC REGISTRY.

B) ONCE THE PROMOTER OBTAINS THE AUTHORIZATION FROM THE FEDERAL CONSUMER PROTECTION BOARD TO RELEASE THE WHOLE PROPERTY, IT MUST THEN PUBLISH EVERY 30 DAYS, FOR A PERIOD OF THREE MONTHS, IN TWO OF THE LARGEST CIRCULATION NEWSPAPERS IN THE COUNTRY AND, IN ONE OF THE AREA WHERE THE ESTABLISHMENT OR ESTABLISHMENTS ARE LOCATED, THE NOTICE ABOUT THE RELEASE OF THESE PROPERTIES FROM THE TIMESHARE SYSTEM.

C) THE PROMOTER MUST KEEP FOR ONE YEAR, AVAILABILITY OF ALTERNATE USE FOR THOSE USERS THAT STILL WOULD HAVE THE RIGHT TO DEPOSIT AT THE FEDERAL CONSUMER PROTECTION BOARD, A BOND FOR 10% OF THE VALUE OF THE PROPERTY WITH A TERM OF ONE YEAR, IN ORDER TO GUARANTEE THE RIGHTS OF SAME.

TWELFTH.- THE TERM OF THIS CONTRACT WILL BE UNTIL THE TERMINATION OF THE PERIOD INDICATED IN THE CONSTITUTION OF THE SERVICE TO EACH AND EVERY ONE OF THE MEMBERS OR USERS OF TIMESHARE.

THIRTEENTH.- FOR THE INTERPRETATION AND FULFILLMENT OF THIS CONTRACT, IF THIS WAS THE CASE, BOTH PARTIES ARE BOUND TO THE COMPETENCE OF THE COURTS OF THE CITY OF CANCUN, QUINTANA ROO, WAIVING ANY OTHER PRIVILEGE THEY HAVE OR MIGHT HAVE BY REASON OF THEIR PRESENT OR FUTURE PLACE OF RESIDENCE.

FOURTEENTH.- BOTH PARTIES INDICATE AS THEIR RESPECTIVE ADDRESSES, WHERE THEY CAN BE DEMANDED THE FULFILLMENT OF THE OBLIGATIONS AGREED HEREUNDER, THE FOLLOWING:

"THE CORPORATION": KM 11.5 KUKULKAN BOULEVARD, HOTEL ZONE IN THIS CITY OF CANCUN, QUINTANA ROO.

"THE PROMOTER": LIMA NUMBER 7, SUPERMANZANA 2-A IN THIS CITY OF CANCUN, QUINTANA ROO.

HAVING READ THIS CONTRACT AND FULLY AWARE OF THE LEGAL SCOPE OF SAME, THE PARTIES SIGN IT AT THE BOTTOM AND ON THE MARGIN OF EACH AND EVERY ONE OF ITS NINE PAGES, ON THE THIRTEENTH DAY OF MAY OF 1999.

"THE CORPORATION"

"THE PROMOTER"

(Illegible signature)
MICHAEL EUGENE KELLY

(Illegible signature)
MONICA OLIMPIA ALCALA SENS

RESORT HOLDINGS INTERNATIONAL
2533 NORTH CARSON STREET
CARSON CITY, NV 89706

MAY 30, 2001

STATE OF ARIZONA
DEPARTMENT OF REAL ESTATE
400 WEST CONGRESS
SUITE 523
TUSCON, ARIZONA 85701

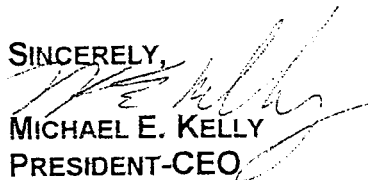
IN RE: TRANSMITTAL OF APPLICATION FOR TIME-SHARE PUBLIC REPORT
FOR THE BACCARA RESORT HOTEL, CANCUN, MEXICO.

GENTLEMEN,

FIND ENCLOSED AN APPLICATION FOR TIME-SHARE PUBLIC REPORT AS REQUIRED BY
A.R.S. 32-2197, ET SEQ.

IF YOU HAVE QUESTIONS AS YOU REVIEW THE APPLICATION AND ITS EXHIBITS, IT WOULD
MORE EXPEDITIOUS TO CONTACT MY AIDE, THOMAS WASHBURN. HE CAN BE REACHED
AT MY OFFICE ON OUR TOLL- FREE LINE: 888-838-0533 OR BY FAX: 888-808-4685.
HE WILL BE HAPPY TO GET THE ANSWERS TO YOUR QUESTIONS AS THEY ARISE.

SINCERELY,


MICHAEL E. KELLY
PRESIDENT-CEO

RECEIVED
MAY 31 2001
REAL ESTATE DEPT.
TUSCON, ARIZONA

DCM/1243

CERTIFICACION DE MEDIDAS Y COLINDANCIAS

8/OCT.

YUCATAN INVESTIMENT, S.A. DE C.V.
P R E S E N T E .

Por este medio se da contestación a su solicitud, con la que presentó a esta Dirección de Catastro Municipal copia de la Escritura Pública Número 13 de esta Ciudad, en la que adquiere un predio el cual en la Declaración Primera de la citada Escritura se describe de la siguiente manera: Lote de Terreno y construcción marcado con el número 16-6, Sección "A" Prolongación Boulevard, de la Zona Turística de esta Ciudad, con las Medidas y Colindancias siguientes:

NORTE: 56.77 MTS. CON LOTE 16-5
SUR: 53.80 MTS. CON LOTE 16-7
ESTE: 42.50 MTS. CON Z.F.M.
OESTE: 22.05+20.66 MTS. CON BOULEVARD KUKULCAN

SUPERFICIE: 2,394.20 M2.

De acuerdo a nuestra Base de Datos Catastrales el Lote que actualmente figura a nombre de "YUCATAN INVESTIMENT", S.A. DE C.V., es el marcado con el número 16-6, Manzana 52, sección "A" del Boulevard Kukulkán de la Zona Turística de esta Ciudad. Y físicamente se ha comprobado según Levantamiento Topográfico realizado por peritos de esta Dirección, que el Lote antes mencionado tiene las siguientes Medidas y Colindancias:

NORTE: 57.00 MTS. CON LOTE 16-5
SUR: 53.38 MTS. CON LOTE 16-7
ESTE: 42.14 MTS. CON Z.F.M.
OESTE: 43.05 MTS. EN LINEA CURVA CON BOULEVARD
KUKULCAN

SUPERFICIE: 2,384.88 M2.

Asimismo que de acuerdo a las condiciones actuales del Litoral del Mar Caribe se encontró un área aproximada de 485.32 M2 del Lote 16-6, se encuentra en Z.F.M., como se indica en el croquis que se anexa al presente.

A T E N T A M E N T E
SUFRAGIO EFECTIVO. NO REELECCION
EL DIRECTOR DE CATASTRO MUNICIPAL

ING. CUAUHTEMOC ZURITA LANDERO

C.c.p. Minutario/Expediente.
CZL*JALAI*BKP*mlte

MUNICIPIO BENITO JUAREZ
CANCUN Q. ROO
DIRECCION DE CATASTRO



AYUNTAMIENTO DEL MUNICIPIO
BENITO JUAREZ

Cancún, Q. Roo

DIRECCION GENERAL DE DESARROLLO URBANO Y ECOLOGIA
DEPARTAMENTO DE LICENCIAS DE CONSTRUCCION

EXHIBITA-3

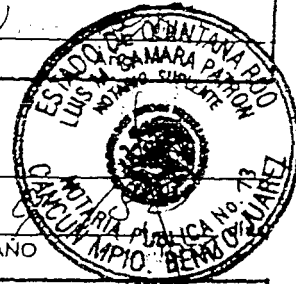
No. Folio

Fecha de
Ingreso

Día

Mes

CAN 00007495
11 NOV



Solicitud de licencia para

REGULARIZACION

Del 11 de NOV de 98 al 11 de Mayo de 99
DIA MES AÑO DIA MES AÑO

Ubicación			
Sm. Z. H.	M. 22	Lote 16-6	Localidad CANCUN
Calle	Uso del suelo		

Antecedentes	
No. de Licencia anterior	CAN-7495
Fecha	17 DE MARZO DE 1991

Datos del Perito			
Nombre	ARQ. JAIME MONROY S.		Reg. Fed. de Caus.
Domicilio	AV. BONAMPAK No. 116	Perito No. 1053	Tel. 80-13-04
No. de Reg. Prof.	497072		Grupo

Valor del Terreno	\$
Valor de la Construcción	\$
Valor Total	\$

Superficie Terreno	2,394.20M2
Estacionamiento	
No. Const.	

Superficie por construir o registrar			
Niv.	M2	Derechos	Monto a Pagar
PL			
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
Total	1,205.93 M2	4.50\$	5,426.68

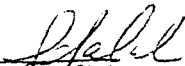
Descripción de la Obra
DIFERENCIA DE METROS.
SOTANO, PENTHOUSE, ESCALERAS, VOLADOS.

Se anexan los documentos siguientes	
Recibo Pago Impuesto Predial	
Comprobante alineamiento y No. Oficial	
Comprobante Cert. Agua	

Prop	YUCATAN INVESTMENT, S.A. DE C.V.
Domicilio	PROL. BOULEVARD KUKULKAN No. 16-6 ZONA TURISTICA SECCION 1A
Población	CANCUN, QUINTANA ROO,

Propietario	Perito	Revisó	Autorizó
-------------	--------	--------	----------

I hereby certify that the annexed
instrument is a true and correct copy
of the original on file with the AZ Dept.
of Real Estate

Case: 6-27-03 
Authorized Clerk